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MILITARY CONSTRUCTION AUTHORIZATION
FISCAL YEAR 1981

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JOINT HEARINGS

BEFORE THE

SUBCOMMITTEE ON
MILITARY CONSTRUCTION AND STOCKPILES

OF THE

COMMITTEE ON ARMED SERVICES

AND THE

SUBCOMMITTEE ON MILITARY CONSTRUCTION

OF THE

COMMITTEE ON APPROPRIATIONS
UNITED STATES SENATE

NINETY-SIXTH CONGRESS

SECOND SESSION

ON

S. 2333

A BILL TO AUTHORIZE CERTAIN CONSTRUCTION AT MILITARY
INSTALLATIONS, AND FOR OTHER PURPOSES

MARCH 3, 4, 5, 24; APRIL 17, 30, 1980

Printed for the use of the Committee on Armed Services

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FISCAL YEAR 1981

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MILITARY CONSTRUCTION AUTHORIZATION, FISCAL YEAR 1981

MONDAY, MARCH 3, 1980

U.S. SENATE,
SUBCOMMITTEE ON MILITARY CONSTRUCTION
AND STOCKPILES OF THE
COMMITTEE ON ARMED SERVICES,
SUBCOMMITTEE ON MILITARY CONSTRUCTION
OF THE COMMITTEE ON APPROPRIATIONS,
Washington, D.C.

The joint subcommittees met at 10:09 a.m. pursuant to call, in room 1318, Dirksen Senate Office Building, Senator Gary Hart (chairman of the Subcommittee on Military Construction and Stockpiles of the Committee on Armed Services) and Senator Walter D. Huddleston (chairman of the Subcommittee on Military Construction of the Committee on Appropriations) presiding.

Present: Senators Hart and Warner (Committee on Armed Services). Senator Huddleston (Committee on Appropriations).

Armed Services Committee staff: James C. Smith, and Edward B. Kenney, professional staff members; and Marie Fabrizio Dickinson, clerical assistant.

Committee members' assistants: Christopher Lehman, assistant to Senator Warner.

[The bill, S. 2333, follows:]

II

96TH CONGRESS
2D SESSION

S. 2333

To authorize certain construction at military installations, and for other purposes.

IN THE SENATE OF THE UNITED STATES

FEBRUARY 26 (legislative day, JANUARY 3), 1980

Mr. HART (for himself and Mr. THURMOND) (by request) introduced the following bill; which was read twice and referred to the Committee on Armed Services

---

A BILL

To authorize certain construction at military installations, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Military Construction Authorization Act, 1981".

TITLE I—ARMY

AUTHORIZED ARMY CONSTRUCTION PROJECTS

SEC. 101. The Secretary of the Army may establish or develop military installations and facilities by acquiring, constructing, converting, rehabilitating, or installing permanent or temporary public works, including land acquisition, site preparation, appurtenances, utilities, and equipment, for the following acquisition and construction:

Inside the United States

UNITED STATES ARMY FORCES COMMAND

Fort Bragg, North Carolina, $16,350,000.

Fort Campbell, Kentucky, $15,070,000.

Fort Carson, Colorado, $42,600,000.

Fort Devens, Massachusetts, $1,000,000.

Fort Douglas, Utah, $2,200,000.

Fort Drum, New York, $1,650,000.

Fort Gillem, Georgia, $2,600,000.

Fort Hood, Texas, $21,170,000.

Fort Hunter-Liggett, California, $5,100,000.

Fort Lewis, Washington, $16,000,000.

Fort Ord, California, $4,700,000.

Fort Polk, Louisiana, $20,500,000.

Fort Riley, Kansas, $890,000.

Fort Sam Houston, Texas, $3,750,000.

Fort Stewart/Hunter Army Air Field, Georgia, $26,500,000.

UNITED STATES ARMY WESTERN COMMAND

Schofield Barracks, Hawaii, $3,820,000.

Tripler Army Medical Center, Hawaii, $84,500,000.

UNITED STATES ARMY TRAINING AND DOCTRINE COMMAND

Fort A. P. Hill, Virginia, $930,000.

Fort Belvoir, Virginia, $510,000.

Fort Benning, Georgia, $15,660,000.

Fort Bliss, Texas, $2,400,000.

Fort Dix, New Jersey, $1,200,000.

Fort Eustis, Virginia, $5,600,000.

Fort Gordon, Georgia, $2,500,000.

Fort Jackson, South Carolina, $2,690,000.

Fort Knox, Kentucky, $5,400,000.

Fort Leavenworth, Kansas, $7,750,000.

Fort Lee, Virginia, $650,000.

Fort Leonard Wood, Missouri, $13,100,000.

Fort Rucker, Alabama, $30,560,000.

Fort Sill, Oklahoma, $4,100,000.

UNITED STATES ARMY MATERIEL DEVELOPMENT AND READINESS COMMAND

Anniston Army Depot, Alabama, $3,550,000.

Badger Army Ammunition Plant, Wisconsin, $2,100,000.

Corpus Christi Army Depot, Texas, $1,600,000.

Fort Monmouth, New Jersey, $2,000,000.

Holston Army Ammunition Plant, Tennessee, $4,690,000.

Indiana Army Ammunition Plant, Indiana, $2,800,000.

Iowa Army Ammunition Plant, Iowa, $3,750,000.

Jefferson Proving Ground, Indiana, $960,000.

Kansas Army Ammunition Plant, Kansas, $2,250,000.

Letterkenny Army Depot, Pennsylvania, $9,250,000.

Lone Star Army Ammunition Plant, Texas, $5,090,000.

Louisiana Army Ammunition Plant, Louisiana, $1,050,000.

McAlester Army Ammunition Plant, Oklahoma, $2,770,000.

Milan Army Ammunition Plant, Tennessee, $2,100,000.

Picatinny Arsenal, New Jersey, $1,400,000.

Red River Army Depot, Texas, $3,800,000.

Redstone Arsenal, Alabama, $12,190,000.

Rock Island Arsenal, Illinois, $10,620,000.

Rocky Mountain Arsenal, Colorado, $10,400,000.

Sacramento Army Depot, California, $1,930,000.

Sierra Army Depot, California, $550,000.

St. Louis Support Activity, Illinois, $3,050,000.

Sunflower Army Ammunition Plant, Kansas, $3,950,000.

Tobyhanna Army Depot, Pennsylvania, $680,000.

Tooele Army Depot, Utah, $2,050,000.

Twin City Army Ammunition Plant, Minnesota, $820,000.

Umatilla Army Depot, Oregon, $620,000.

Volunteer Army Ammunition Plant, Tennessee, $2,150,000.

White Sands Missile Range, New Mexico, $1,000,000.

Yuma Proving Ground, Arizona, $2,650,000.

AMMUNITION FACILITIES

Holston Army Ammunition Plant, Tennessee, $300,000.

Indiana Army Ammunition Plant, Indiana, $3,570,000.

Iowa Army Ammunition Plant, Iowa, $2,300,000.

Lake City Army Ammunition Plant, Missouri, $220,000.

Lone Star Army Ammunition Plant, Texas, $540,000.

Longhorn Army Ammunition Plant, Texas, $260,000.

Louisiana Army Ammunition Plant, Louisiana, $380,000.

Milan Army Ammunition Plant, Tennessee, $210,000.

Radford Army Ammunition Plant, Virginia, $5,890,000.

UNITED STATES ARMY CORPS OF ENGINEERS

Cold Regions Laboratory, New Hampshire, $6,100,000.

MILITARY DISTRICT OF WASHINGTON

Cameron Station, Virginia, $930,000.

Fort McNair, Washington, District of Columbia, $690,000.

Fort Myer, Virginia, $1,150,000.

UNITED STATES ARMY COMMUNICATIONS COMMAND

Fort Huachuca, Arizona, $4,650,000.

Fort Ritchie, Maryland, $1,750,000.

UNITED STATES ARMY HEALTH SERVICES COMMAND

Fort Detrick, Maryland, $1,350,000.

Fitzsimmons Army Medical Center, Colorado, $790,000.

MILITARY TRAFFIC MANAGEMENT COMMAND

Bayonne Terminal, New Jersey, $660,000.

Sunny Point Terminal, North Carolina, $1,800,000.

Outside the United States

EIGHTH UNITED STATES ARMY, KOREA

Various Locations, $62,074,000.

KWAJALEIN MISSILE RANGE

National Missile Range, $5,440,000.

UNITED STATES ARMY FORCES COMMAND

Panama Area, Canal Zone, $8,100,000.

UNITED STATES ARMY, JAPAN

Kawakami, Japan, $3,000,000.

UNITED STATES ARMY, EUROPE

Various Locations, $268,800,000.

UNITED STATES ARMY INTELLIGENCE AND SECURITY COMMAND

Korea, $1,186,000.

EMERGENCY CONSTRUCTION

SEC. 102. The Secretary of the Army may establish or develop installations and facilities by proceeding with construction made necessary by changes in missions and responsibilities which have been occasioned by (1) unforeseen security considerations, (2) new weapons developments, (3) new and unforeseen research and development requirements, (4) improved production schedules, or (5) revisions in the tasks or functions assigned to a military installation or facility or for environmental considerations, if the Secretary of Defense determines that deferral of such construction for inclusion in the next Military Construction Authorization Act would be inconsistent with interests of national security and, in connection therewith, may acquire, construct, convert, rehabilitate, or install permanent or temporary public works, including land acquisition, site preparation, appurtenances, utilities, and equipment in the total amount of $20,000,000. The Secretary of the Army, or the Secretary's designee, shall notify the Committees on Armed Services of the Senate and House of Representatives, immediately upon reaching a final decision to implement, of the cost of construction of any public work undertaken under this section, including those real estate actions pertaining thereto. This authorization shall expire on October 1, 1981, or on the date of the enactment of the Military Construction Authorization Act for fiscal year 1982, whichever is later, except for those public works projects concerning which the Committees on Armed Services of the Senate and House of Representatives have been notified pursuant to this section prior to such date.

MINOR CONSTRUCTION

Sec. 103. The Secretary of the Army is authorized to accomplish minor construction projects under section 2674 of title 10, United States Code, in the amount of $50,210,000.

TITLE II—NAVY

AUTHORIZED NAVY CONSTRUCTION PROJECTS

Sec. 201. The Secretary of the Navy may establish or develop military installations and facilities by acquiring, constructing, converting, rehabilitating, or installing permanent or temporary public works, including land acquisition, site preparation, appurtenances, utilities, and equipment, for the following acquisition and construction:

Inside the United States

MARINE CORPS

Marine Corps Air Station, Beaufort, South Carolina, $930,000.

Marine Corps Base, Camp Lejeune, North Carolina, $24,700,000.

Marine Corps Base, Camp Pendleton, California, $8,050,000.

Marine Corps Air Station, Cherry Point, North Carolina, $16,700,000.

Marine Corps Air Station, El Toro, California, $14,400,000.

Marine Corps Air Station, Kaneohe Bay, Hawaii, $620,000.

Marine Corps Recruit Depot, Parris Island, South Carolina, $6,800,000.

Marine Corps Development and Education Command, Quantico, Virginia, $5,800,000.

Marine Corps Air Ground Combat Center, Twentynine Palms, California, $9,400,000.

Marine Corps Air Station, Yuma, Arizona, $2,200,000.

OFFICE OF NAVAL RESEARCH

Naval Research Laboratory, Washington, District of Columbia, $7,300,000.

CHIEF OF NAVAL OPERATIONS

Naval Submarine Base, Bangor, Bremerton, Washington, $16,160,000.

Naval Submarine Support Base, Kings Bay, Kingsland, Georgia, $18,000,000.

Commandant Naval District, Washington, District of Columbia, $3,390,000.

COMMANDER IN CHIEF, UNITED STATES ATLANTIC FLEET

Naval Air Station, Brunswick, Maine, $4,100,000.

Naval Station, Charleston, South Carolina, $13,200,000.

Naval Air Station, Jacksonville, Florida, $3,830,000.

Naval Amphibious Base, Little Creek, Virginia, $8,100,000.

Naval Station, Mayport, Florida, $620,000.

Naval Submarine Base, New London, Groton, Connecticut, $6,100,000.

Headquarters Support Activity, Atlantic Fleet, Norfolk, Virginia, $3,400,000.

Naval Air Station, Norfolk, Virginia, $1,550,000.

Naval Station, Norfolk, Virginia, $15,500,000.

Naval Air Station, Oceana, Virginia, $19,350,000.

COMMANDER IN CHIEF, UNITED STATES PACIFIC FLEET

Naval Air Station, Alameda, California, $15,650,000.

Naval Air Station, Barbers Point, Hawaii, $2,500,000.

Naval Air Station, Fallon, Nevada, $330,000.

Naval Air Station, Lemoore, California, $5,810,000.

Naval Magazine, Lualualei, Hawaii, $6,600,000.

Naval Air Station, Miramar, California, $1,200,000.

Naval Air Station, North Island, California, $850,000.

Naval Submarine Base, Pearl Harbor, Hawaii, $1,900,000.

Naval Station, San Diego, California, $4,950,000.

Navy Submarine Support Facility, San Diego, California, $4,150,000.

Naval Air Station, Whidbey Island, Washington, $2,390,000.

CHIEF OF NAVAL EDUCATION AND TRAINING

Fleet Ballistic Missile Submarine Training Center, Charleston, South Carolina, $1,100,000.

Fleet Mine Warfare Training Center, Charleston, South Carolina, $1,000,000.

Fleet Combat Training Center, Atlantic, Dam Neck, Virginia, $4,700,000.

Naval Submarine School, Groton, Connecticut, $3,250,000.

Naval Education and Training Center, Newport, Rhode Island, $620,000.

Naval Training Center, Orlando, Florida, $7,050,000.

Fleet Combat Training Center, Pacific, San Diego, California, $540,000.

Fleet Training Center, San Diego, California, $2,250,000.

Naval Submarine Training Center, San Diego, California, $4,450,000.

Naval Air Station, Whiting Field, Florida, $3,680,000.

BUREAU OF MEDICINE AND SURGERY

National Naval Medical Center, Bethesda, Maryland, $23,000,000.

Naval Regional Medical Center, San Diego, California, $293,000,000.

NAVAL MATERIAL COMMAND

Naval Air Rework Facility, Alameda, California, $2,350,000.

Puget Sound Naval Shipyard, Bremerton, Washington, $32,000,000.

Naval Supply Center, Puget Sound, Bremerton, Washington, $2,200,000.

Naval Fuel Annex, Casco Bay, Maine, $3,900,000.

Charleston Naval Shipyard, Charleston, South Carolina, $10,350,000.

Naval Weapons Station, Charleston, South Carolina, $2,910,000.

Polaris Missile Facility, Atlantic, Charleston, South Carolina, $12,500,000.

Naval Weapons Center, China Lake, California, $11,900,000.

Naval Construction Battalion Center, Davisville, Rhode Island, $550,000.

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Navy Public Works Center, Great Lakes, Illinois, $8,400,000.

Naval Undersea Warfare Engineering Station, Keyport, Washington, $860,000.

Portsmouth Naval Shipyard, Kittery, Maine, $2,880,000.

Naval Ordnance Station, Louisville, Kentucky, $2,050,000.

Naval Supply Center, Norfolk, Virginia, $4,350,000.

Navy Public Works Center, Norfolk, Virginia, $1,560,000.

Naval Supply Center, Oakland, California, $4,600,000.

Navy Public Works Center, Pearl Harbor, Hawaii, $5,783,000.

Naval Air Rework Facility, Pensacola, Florida, $1,550,000.

Philadelphia Naval Shipyard, Philadelphia, Pennsylvania, $10,710,000.

Pacific Missile Test Center, Point Mugu, California, $8,750,000.

Norfolk Naval Shipyard, Portsmouth, Virginia, $11,500,000.

Naval Supply Center, San Diego, California, $2,900,000.

Navy Public Works Center, San Diego, California, $670,000.

Mare Island Naval Shipyard, Vallejo, California, $800,000.

NAVAL SECURITY GROUP COMMAND

Naval Security Group Activity, Winter Harbor, Maine, $1,150,000.

Outside the United States

CHIEF OF NAVAL OPERATIONS

Defense Installations, Mariana Islands, $28,200,000.

COMMANDER IN CHIEF, UNITED STATES ATLANTIC FLEET

Naval Facility, Brawdy, Wales, United Kingdom, $3,600,000.

Naval Station, Keflavik, Iceland, $49,200,000.

Naval Station, Roosevelt Roads, Puerto Rico, $10,500,000.

COMMANDER IN CHIEF, UNITED STATES PACIFIC FLEET

Naval Air Facility, Atsugi, Japan, $1,000,000.

Navy Support Facility, Diego Garcia, Indian Ocean, $17,977,000.

Naval Station, Subic Bay, Republic of the Philippines, $780,000.

NAVAL TELECOMMUNICATIONS COMMAND

Naval Communications Area Master Station Western Pacific, Guam, Mariana Islands, $1,900,000.

Naval Communication Station, Keflavik, Iceland, $3,600,000.

EMERGENCY CONSTRUCTION

SEC. 202. The Secretary of the Navy may establish or develop installations and facilities by proceeding with construction made necessary by changes in missions and responsibilities which have been occasioned by (1) unforeseen security considerations, (2) new weapons developments, (3) new and unforeseen research and development requirements, (4) improved production schedules, or (5) revisions in the tasks or functions assigned to a military installation or facility or for environmental considerations, if the Secretary of Defense determines that deferral of such construction for inclusion in the next Military Construction Authorization Act would be inconsistent with interests of national security and, in connection therewith, may acquire, construct, convert, rehabilitate, or install permanent or temporary public works, including land acquisition, site preparation, appurtenances, utilities, and equipment in the total amount of $20,000,000. The Secretary of the Navy, or the Secretary's designee, shall notify the Committees on Armed Services of the Senate and House of Representatives, immediately upon reaching a final decision to implement, of the cost of construction of any public work undertaken under this section, including those real estate actions pertaining thereto. This authorization shall expire on October 1, 1981, or on the date of the enactment of the Military Construction Authorization Act for fiscal year 1982, whichever is later, except for those public works projects concerning which the Committees on Armed Services of the Senate and House of Representatives have been notified pursuant to this section prior to such date.

MINOR CONSTRUCTION

SEC. 203. The Secretary of the Navy is authorized to accomplish minor construction projects under section 2674 of title 10, United States Code, in the amount of $33,010,000.

DUAL PURPOSE AIR TERMINAL, ICELAND

SEC. 204. The Secretary of the Navy may contract for the construction of the Air Passenger Terminal in Keflavik, Iceland, as may be agreed to by the Government of Iceland and the Government of the United States. The United States share of the cost of such construction shall not exceed $20,000,000, which amount is included in the amount authorized in section 201 of this Act for the Naval Station, Keflavik, Iceland. Such contract for such construction may be entered into upon the agreement by the Government of Iceland to provide to the Government of the United States funds equal to the difference between the amount required to complete the construction and the United States share referred to above and to make those funds available, in advance of the time when payments are due, in such amounts and at such times as may be required by the Government of the United States.

TITLE III—AIR FORCE

AUTHORIZED AIR FORCE CONSTRUCTION PROJECTS

SEC. 301. The Secretary of the Air Force may establish or develop military installations and facilities by acquiring, constructing, converting, rehabilitating, or installing permanent or temporary public works, including land acquisition, site preparation, appurtenances, utilities, and equipment, for the following acquisition and construction:

INSIDE THE UNITED STATES

AIR FORCE LOGISTICS COMMAND

Hill Air Force Base, Utah, $9,650,000.

Kelly Air Force Base, Texas, $650,000.

McClellan Air Force Base, California, $3,250,000.

Robins Air Force Base, Georgia, $4,850,000.

Tinker Air Force Base, Oklahoma, $11,870,000.

Wright-Patterson Air Force Base, Ohio, $3,700,000.

AIR FORCE SYSTEMS COMMAND

Brooks Air Force Base, Texas, $4,200,000.

Buckley Air National Guard Base, Colorado, $900,000.

Cape Canaveral Air Force Station, Florida, $22,300,000.

Edwards Air Force Base, California, $10,500,000.

Hanscom Air Force Base, Massachusetts, $7,200,000.

Port Hueneme Naval Installation, California, $16,700,000.

AIR TRAINING COMMAND

Chanute Air Force Base, Illinois, $12,350,000.

Lackland Air Force Base, Texas, $4,690,000.

Laughlin Air Force Base, Texas, $1,100,000.

Lowry Air Force Base, Colorado, $840,000.

Mather Air Force Base, California, $860,000.

Maxwell Air Force Base, Alabama, $630,000.

Randolph Air Force Base, Texas, $7,850,000.

Reese Air Force Base, Texas $1,730,000.

Sheppard Air Force Base, Texas, $1,300,000.

ALASKAN AIR COMMAND

Eielson Air Force Base, Alaska, $5,190,000.

Elmendorf Air Force Base, Alaska, $14,820,000.

Galena Air Force Base, Alaska, $930,000.

King Salmon Airport, Alaska, $1,000,000.

Shemya Air Force Base, Alaska, $2,900,000.

MILITARY AIRLIFT COMMAND

Andrews Air Force Base, Maryland, $4,240,000.

Charleston Air Force Base, South Carolina, $1,740,000.

Dover Air Force Base, Delaware, $2,350,000.

Kirtland Air Force Base, New Mexico, $1,200,000.

McChord Air Force Base, Washington, $6,550,000.

Norton Air Force Base, California, $2,000,000.

Pope Air Force Base, North Carolina, $9,250,000.

Scott Air Force Base, Illinois, $4,000,000.

Travis Air Force Base, California, $1,080,000.

PACIFIC AIR FORCES

Hickam Air Force Base, Hawaii, $580,000.

STRATEGIC AIR COMMAND

Barksdale Air Force Base, Louisiana, $3,200,000.

Beale Air Force Base, California, $2,670,000.

Blytheville Air Force Base, Arkansas, $6,141,000.

Carswell Air Force Base, Texas, $3,420,000.

Castle Air Force Base, California, $16,400,000.

Dyess Air Force Base, Texas, $2,700,000.

Ellsworth Air Force Base, South Dakota, $1,510,000.

Francis E. Warren Air Force Base, Wyoming, $1,050,000.

Fairchild Air Force Base, Washington, $20,360,000.

Grand Forks Air Force Base, North Dakota, $3,900,000.

Griffiss Air Force Base, New York, $4,450,000.

K. I. Sawyer Air Force Base, Michigan, $3,700,000.

Loring Air Force Base, Maine, $7,450,000.

McConnell Air Force Base, Kansas, $4,040,000.

Minot Air Force Base, North Dakota, $3,820,000.

Offutt Air Force Base, Nebraska, $4,580,000.

Pease Air Force Base, New Hampshire, $4,500,000.

Rickenbacker Air Force Base, Indiana, $6,300,000.

Vandenberg Air Force Base, California, $75,300,000.

Whiteman Air Force Base, Missouri, $990,000.

Wurtsmith Air Force Base, Michigan, $15,170,000.

Various Locations, $73,850,000.

TACTICAL AIR COMMAND

Bergstrom Air Force Base, Texas, $3,110,000.

George Air Force Base, California, $640,000.

Holloman Air Force Base, New Mexico, $5,800,000.

Homestead Air Force Base, Florida, $670,000.

Langley Air Force Base, Virginia, $3,892,000.

MacDill Air Force Base, Florida, $2,360,000.

Moody Air Force Base, Georgia, $1,470,000.

Myrtle Beach Air Force Base, South Carolina, $780,000.

Nellis Air Force Base, Nevada, $6,250,000.

Shaw Air Force Base, South Carolina, $3,800,000.

Tyndall Air Force Base, Florida, $2,300,000.

Various Locations, $3,200,000.

Outside the United States

MILITARY AIRLIFT COMMAND

Lajes Field, Portugal, $2,300,000.

PACIFIC AIR FORCES

Camp Zama, Japan, $1,100,000.

Clark Air Base, Republic of the Philippines, $13,050,000.

Kadena Air Base, Japan, $10,280,000.

Kunsan Air Base, Korea, $4,400,000.

Kwang-Ju Air Base, Korea, $5,900,000.

Misawa Air Base, Japan, $1,930,000.

Osan Air Base, Korea, $17,390,000.

Taegu Air Base, Korea, $8,350,000.

UNITED STATES AIR FORCES IN EUROPE

Various Locations, United Kingdom, $4,770,000.

Various Locations, $40,627,000.

EMERGENCY CONSTRUCTION

SEC. 302. The Secretary of the Air Force may establish or develop installations and facilities by proceeding with construction made necessary by changes in missions and responsibilities which have been occasioned by (1) unforeseen security considerations, (2) new weapons developments, (3) new and unforeseen research and development requirements, (4) improved production schedules, or (5) revisions in the tasks or functions assigned to a military installation or facility or for environmental considerations, if the Secretary of Defense determines that deferral of such construction for inclusion in the next Military Construction Authorization Act would be inconsistent with interests of national security and, in connection therewith, may acquire, construct, convert, rehabilitate, or install permanent or temporary public works, including land acquisition, site preparation, appurtenances, utilities, and equipment in the total amount of $20,000,000. The Secretary of the Air Force, or the Secretary's designee, shall notify the Committees on Armed Services of the Senate and House of Representatives, immediately upon reaching a final decision to implement, of the cost of construction of any public work undertaken under this section, including those real estate actions pertaining thereto. This authorization shall expire on October 1, 1981, or on the date of the enactment of the Military Construction Authorization Act for fiscal year 1982, whichever is later, except for those public works projects concerning which the Committees on Armed Services of the Senate and House of Representatives have been notified pursuant to this section prior to such date.

MINOR CONSTRUCTION

SEC. 303. The Secretary of the Air Force is authorized to accomplish minor construction projects under section 2674 of title 10, United States Code, in the amount of $24,870,000.

TITLE IV—DEFENSE AGENCIES

AUTHORIZED CONSTRUCTION PROJECTS FOR THE DEFENSE AGENCIES

SEC. 401. The Secretary of Defense may establish or develop military installations and facilities by acquiring, constructing, converting, rehabilitating, or installing permanent or temporary public works, including land acquisition, site preparation, appurtenances, utilities, and equipment, for defense agencies for the following acquisition or construction:

INSIDE THE UNITED STATES

DEFENSE INTELLIGENCE AGENCY

Bolling Air Force Base, District of Columbia, $106,200,000.

DEFENSE LOGISTICS AGENCY

Defense Electronics Supply Center, Dayton, Ohio, $730,000.

Defense Fuel Support Point, Norwalk, California, $2,000,000.

Defense Fuel Support Point, Searsport, Maine, $3,000,000.

Defense Personnel Support Center, Philadelphia, Pennsylvania, $750,000.

Defense Storage Facility, Bayonne, New Jersey, $1,450,000.

Defense Technical Information Center, Cameron Station, Virginia, $850,000.

DEFENSE MAPPING AGENCY

Hydrographic/Topographic Center, Brookmont, Maryland, $1,500,000.

NATIONAL SECURITY AGENCY

Fort George G. Meade, Maryland, $5,065,000.

Kunia, Oahu, Hawaii, $2,700,000.

OFFICE OF THE SECRETARY OF DEFENSE

Classified Activity, Fort Belvoir, Virginia, $16,500,000.

OUTSIDE THE UNITED STATES

DEFENSE LOGISTICS AGENCY

Defense Property Disposal Office, Bitburg, Germany, $1,350,000.

NATIONAL SECURITY AGENCY

Classified Location, $674,000.

OFFICE OF THE SECRETARY OF DEFENSE

CLASSIFIED LOCATION

Classified Activity, $3,500,000.

DEPARTMENT OF DEFENSE DEPENDENTS SCHOOLS

Aschaffenburg, Germany, $1,110,000.

Baumholder, Wetzel Housing Area, Germany, $3,065,000.

Bermuda, Naval Air Station, $2,580,000.

Clark Air Base, Republic of the Philippines, $1,650,000.

Iwakuni, Marine Corps Air Station, Japan, $6,060,000.

Osan Air Base, Korea, $1,900,000.

Pruem Air Station, Germany, $1,150,000.

Sagamihara, Japan, $3,220,000.

Seoul, Yongsan Garrison, Korea, $4,500,000.

Taegu, Korea, $4,100,000.

Wiesbaden, Germany, $10,176,000.

Yokota Air Base West, Japan, $7,500,000.

EUROPEAN COMMAND HEADQUARTERS

Classified Location, $64,400,000.

EMERGENCY CONSTRUCTION

SEC. 402. The Secretary of Defense may establish or develop installations and facilities which he determines to be vital to the security of the United States and, in connection therewith, may acquire, construct, convert, rehabilitate, or install permanent or temporary public works, including land acquisition, site preparation, appurtenances, utilities, and equipment in the total amount of $30,000,000. The Secretary of Defense, or the Secretary's designee, shall notify the Committees on Armed Services of the Senate and House of Representatives, immediately upon reaching a final decision to implement, of the cost of construction of any public works undertaken under this section including real estate actions pertaining thereto.

MINOR CONSTRUCTION

SEC. 403. The Secretary of Defense is authorized to accomplish minor construction projects under section 2674 of title 10, United States Code, in the amount of $6,180,000.

TITLE V—NORTH ATLANTIC TREATY ORGANIZATION INFRASTRUCTURE

SEC. 501. The Secretary of Defense is authorized to incur obligations in amounts not to exceed $300,000,000 for the United States share of the cost of multilateral programs for the acquisition or construction of military facilities and installations (including international military headquarters) for the collective defense of the North Atlantic Treaty Area. Within thirty days after the end of each calendar-year quarter, the Secretary of Defense shall furnish to the Committees on Armed Services and on Appropriations of the Senate and House of Representatives a description of obligations incurred by the United States for the United States share of the cost of such multilateral programs.

TITLE VI—MILITARY FAMILY HOUSING

AUTHORIZATION TO CONSTRUCT OR ACQUIRE HOUSING

SEC. 601. (a) The Secretary of Defense, or the Secretary's designee is authorized to construct or acquire sole interest in existing family housing units in the numbers and at the locations hereinafter named, but no family housing construction shall be commenced at any such location in the United States until the Secretary shall have consulted with the Secretary of Housing and Urban Development as to the availability of suitable private housing at such location. If agreement cannot be reached with respect to the availability of suitable private housing at any location, the Secretary of Defense shall notify the Committees on Armed Services of the Senate and House of Representatives, in writing, of such difference of opinion, and no contract for construction at such location shall be entered into for a period of thirty days after such notification has been given. This authority shall include the authority to acquire land, and interests in land, by gift, purchase, or otherwise.

(b) With respect to the family housing units authorized to be constructed by this section, the Secretary of Defense is authorized to acquire sole interest in privately owned or Department of Housing and Urban Development held family housing units in lieu of constructing all or a portion of the family housing authorized by this section, if the Secretary, or the Secretary's designee, determines such action to be in the best interests of the United States, but any family housing units acquired under authority of this subsection shall not exceed the cost limitations specified in this section for the project nor the limitations on size specified in section 2684 of title 10, United States Code. In no case may family housing units be acquired under this subsection through the exercise of eminent domain authority, and in no case may family housing units other than those authorized by this section be acquired in lieu of construction unless the acquisition of such units is hereafter specifically authorized by law.

(c) Family housing units:

Marine Corps Air Station, Yuma, Arizona, one hundred and thirty-two units, $8,050,000.

Defense Housing Complex, South Bay, San Francisco, California, two hundred and seventy units, $19,045,000.

Marine Corps Air Station, El Toro, California, three hundred units, $17,483,000.

Fort Ord, California, five hundred units, $30,808,000.

Naval Complex, New London, Connecticut, four hundred units, $24,608,000.

Fort Stewart, Georgia, two hundred units, $9,716,000.

Fort Polk, Louisiana, two hundred units, $11,173,000.

Naval Air Station, Brunswick, Maine, sixty-two units, $3,956,000.

Naval Complex, Norfolk, Virginia, two hundred and thirty-two units, $12,093,000.

Lajes Field, Azores, one hundred and fifty units, $9,768,000.

Incirlik Air Base, Turkey, two hundred units, $11,723,000.

Classified location overseas, five units $468,000.

(d) The amounts specified in this section may, at the discretion of the Secretary of Defense, or the Secretary's designee, be increased by 10 per centum, if he determines that such increase (1) is required for the sole purpose of meeting unusual variations in cost, and (2) could not have been reasonably anticipated at the time such estimate was submitted to the Congress. The amounts authorized include the costs of shades, screens, ranges, refrigerators, and all other installed equipment and fixtures, the cost of the family housing unit, supervision, inspection, overhead, land acquisition, site preparation, installation of utilities, and solar energy systems.

IMPROVEMENT OF EXISTING QUARTERS

SEC. 602. (a) The Secretary of Defense, or the Secretary's designee, is authorized to accomplish alterations, additions, expansions, or extensions, not otherwise authorized by law, to existing public quarters at a cost not to exceed—

(1) For the Department of the Army, $42,436,000, of which $27,150,000 shall be available only for energy conservation projects;

(2) For the Department of the Navy, $13,562,000, of which $2,819,000 shall be available only for energy conservation projects;

(3) For the Department of the Air Force, $52,819,000, of which $17,000,000 shall be available only for energy conservation projects; and

(4) For Defense Agencies, $23,000.

(b) Section 610(a) of the Military Construction Authorization Act, 1968 (Public Law 90–110, 81 Stat. 305), as amended, is amended by revising the first sentence to read as follows:

"(a) None of the funds authorized by this or any other Act may be expended for the improvement of any single family housing unit, or for the improvement of two or more housing units when such units are to be converted into or used as a single family housing unit, the costs of which exceed $20,000 per unit adjusted by the area construction cost index (as developed by the Department of Defense) for the location at the time of contract award, including the costs of repairs undertaken in connection therewith, and including any costs in connection with (1) the furnishing of electricity, gas, water, and sewage disposal; (2) roads and walks; and (3) grading and drainage, unless such improvement in connection with such unit or units is specifically authorized by law.".

(c) The Secretary of Defense, or the Secretary's designee, within the amounts specified in subsection (a) of this section, is authorized to accomplish repairs and improvements to existing family housing in amounts in excess of the dollar limitation prescribed in section 610(a) of the Military Construction Authorization Act, 1968 (Public Law 90–110, 81 Stat. 305), as follows:

Redstone Arsenal, Alabama, forty units, $891,000.

Navy Public Works Center, Pearl Harbor, Hawaii, one hundred and forty-six units, $5,468,000.

Fort Knox, Kentucky, one hundred units, $2,592,000.

Loring Air Force Base, Maine, one hundred and sixty-five units, $3,042,600.

Kirtland Air Force Base, New Mexico, one hundred and twenty-five units, $2,458,100.

Marine Corps Development and Education Command, Quantico, Virginia, fifty-two units, $1,910,000.

Warren Air Force Base, Wyoming, one hundred and sixty-two units, $3,150,000.

Hahn Air Base, Federal Republic of Germany, twenty-eight units, $980,000.

Ramstein Air Base (Vogelweh and Landstuhl), Federal Republic of Germany, twenty units, $993,000.

Yokota Air Base, Japan, two hundred and sixty-eight units, $9,054,800.

ADVANCE PLANNING AND DESIGN

SEC. 603. The Secretary of Defense, or the Secretary's designee, is authorized to carry out advance planning and construction design and may obtain architectural and engineering services in connection with any family housing construction, including improvements, authorized or not otherwise authorized by law at a total cost not to exceed—

(1) For the Department of the Army, $3,993,000;

(2) For the Department of the Navy, $2,994,000;

(3) For the Department of the Air Force, $1,380,000; and

(4) For Defense Agencies, $2,000.

LEASING OF FAMILY HOUSING

SEC. 604. (a) Section 2686 of title 10, United States Code, relating to leases for military family housing, is amended—

(1) by revising subsection (c) to read as follows:

"(c) Expenditures for the rental of such housing facilities, including the cost of utilities, maintenance, and operation of such facilities, may not exceed $515 per month for any one unit."; and

(2) by adding a new subsection to read as follows:

"(d) Notwithstanding the maximum cost per unit specified in subsection (c) above, the Secretary of Defense, or the Secretary's designee, is authorized to lease not more than five hundred such units for which the expenditures for the rental of such housing facilities, including the cost of utilities, maintenance, and operation of such facilities, do not exceed $600 per month for any one unit.".

(b) Section 2675(d) of title 10, United States Code, relating to leases in foreign countries, is amended by revising the first sentence to read as follows:

> "(1) Expenditures for the rental of family housing in foreign countries, including the cost of utilities and maintenance and operation, may not exceed a maximum of $1,115 per month for any one unit.".

SETTLEMENT OF CLAIMS

SEC. 605. Notwithstanding the provisions of any other law, if settlement of a contractor claim or claims relating to the construction of new or improvement of existing family housing would cause authorized cost limitations to be exceeded, the Secretary of Defense, or the Secretary's designee, may proceed with the settlement of such claim or claims after submitting a report of the circumstances, including the amount of the settlement, to the Committees on Armed Services of the Senate and House of Representatives and thirty days have elapsed after the date of submission of such report.

OCCUPANT LIABILITY FOR DAMAGES TO FAMILY HOUSING

SEC. 606. Under regulations issued by the Secretary of Defense, the amount of any damage or the cost of repair or replacement of family housing units, equipment, or furnishings assigned to a member of an armed force will be charged to the member and may be deducted from the member's pay when it is determined that such damage was caused by the abuse or negligence of the member or a dependent of the member. The final determination of an amount to be deducted from the pay of an officer of an armed force in accordance with the regulations providing for such deductions shall be deemed to be a special order authorizing such a deduction for the purpose of section 1007, of title 37, United States Code.

CONSTRUCTION OF FAMILY QUARTERS: LIMITATIONS ON SPACE

SEC. 607. Section 2684, title 10, United States Code is amended by adding at the end thereof a new subsection as follows:

"(e) The maximum space limitations prescribed by subsection (a) are not applicable to family housing obtained by the Department of State for Department of Defense personnel.".

INCREASED AUTHORIZATION FOR CONSTRUCTION, OAHU, HAWAII

SEC. 608. Notwithstanding the limitations on costs contained in sections 501(a) and 502 of the Military Construction Authorization Act, 1974 (Public Law 93-166; 87 Stat. 673, 678) and sections 501(a) and 502 of the Military Construction Authorization Act, 1975 (Public Law 93-552; 88 Stat. 1757, 1758), the Secretary of Defense, or the Secretary's designee, is authorized to complete construction of two thousand six hundred family housing units in support of Department of Defense requirements in Oahu, Hawaii, at a total cost not to exceed $117,150,000.

DEFICIENCY AUTHORIZATION FOR NEW CONSTRUCTION

SEC. 609. Section 501(c) of the Military Construction Authorization Act, 1979 (Public Law 95-356; 92 Stat. 577) is amended by revising the line item for the Naval Facility, Centerville Beach, California, twenty-eight units, from "$1,509,000" to a new total of "$2,030,000".

AUTHORIZATION OF APPROPRIATIONS

SEC. 610. (a) There is authorized to be appropriated for fiscal year 1981 for support of military family housing, including operating expenses, leasing, maintenance of real property, payments of principal and interest on mortgage debts incurred, payment to the Commodity Credit Corporation, and mortgage insurance premiums, an amount not to exceed $1,822,356,000.

(b) The amounts authorized to be appropriated in subsection (a) may be increased to the extent additional funds are necessary for increased pay costs associated with actions taken pursuant to law.

TITLE VII—AUTHORIZATION OF APPROPRIATIONS AND ADMINISTRATIVE PROVISIONS

WAIVER OF RESTRICTIONS

SEC. 701. The Secretary of each military department may proceed to establish or develop installations and facilities under this Act without regard to section 3648 of the Revised Statutes, as amended (31 U.S.C. 529), and sections 4774 and 9774 of title 10, United States Code. The authority to place permanent or temporary improvements on land includes authority for surveys, administration, overhead, planning, and supervision incident to construction. That authority may be exercised before title to the land is approved under section 355 of the Revised Statutes, as amended (40 U.S.C. 255), and even though the land is held temporarily. The authority to acquire real estate or lands includes authority to make surveys and to acquire land and interests in land (including temporary use), by gift, purchase, or otherwise.

AUTHORIZATION OF APPROPRIATIONS

SEC. 702. There are authorized to be appropriated for fiscal year 1981 such sums as may be necessary for the purposes of this Act, but appropriations for public works projects authorized by titles I, II, III, IV, V, and VI, shall not exceed—

(1) for title I: inside the United States $496,810,000; outside the United States $348,600,000; minor construction $50,210,000; for a total of $895,620,000.

(2) for title II: inside the United States $748,343,000; outside the United States $116,757,000; minor construction $33,010,000; for a total of $898,110,000.

(3) for title III: inside the United States $484,723,000; outside the United States $110,097,000; minor construction $24,870,000; for a total of $619,690,000.

(4) for title IV: a total of $293,860,000, including $6,180,000 for minor construction.

(5) for title V: a total of $300,000,000.

(6) for title VI: a total of $276,100,000, including $5,471,000 for minor construction.

COST VARIATIONS

Sec. 703. (a) Overall Title Total Limitation.—Notwithstanding the provisions of subsections (b), (c), (d), and (g), the total cost of all construction and acquisition in each of titles I, II, and III may not exceed the total amount authorized to be appropriated in that title.

(b) Variations in Installation Totals—Unusual Variations in Cost.—Except as provided in subsections (c) and (d), any of the amounts specified in titles I, II, III, and IV of this Act (other than in sections 103, 203, 303, and 403) may, at the discretion of the Secretary of the military department or Director of the defense agency concerned, be increased by 5 per centum when inside the United States (other than Alaska or Hawaii), and by 10 per centum when outside the United States or in Alaska or Hawaii, if the Secretary of the military department or Director of the defense agency concerned determines that such increase (1) is required for the sole purpose of meeting unusual variations in cost, and (2) could not have been reasonably anticipated at the time such estimate was submitted to the Congress.

(c) VARIATIONS IN INSTALLATION TOTALS—ONLY ONE PROJECT AT AN INSTALLATION.—When the amount named for any construction or acquisition in title I, II, III, or IV of this Act involves only one project at any military installation and the Secretary of the military department or Director of the defense agency concerned determines that the amount authorized must be increased by more than the applicable percentage prescribed in subsection (b), the Secretary of the military department or Director of the defense agency concerned may proceed with such construction or acquisition if the amount of the increase does not exceed by more than 25 per centum the amount named for such project by the Congress.

(d) VARIATIONS IN INSTALLATION TOTALS—REPORTS BY THE SECRETARY OF DEFENSE.—When the Secretary of Defense determines that any amount named in title I, II, III, IV, or V of this Act must be exceeded by more than the percentages permitted in subsections (b) and (c) to accomplish authorized construction, acquisition, or for the United States share of the cost of North Atlantic Treaty Organization Infrastructure facilities, the Secretary of Defense, Secretary of the military department, or Director of the defense agency concerned may proceed with such construction or acquisition after a written report of the facts relating to the increase of such amount, including a statement of the reasons for such increase, has been submitted to the Committees on Armed Services of the Senate and House of Representatives, and either (1) thirty days have elapsed from the date of submission of such report, or (2) both committees have indicated approval of such construction or acquisition. Notwithstanding the provisions in prior Military Construction Authorization Acts, the provisions of this subsection shall apply to such prior Acts.

(e) COST AND SCOPE VARIATIONS OF INDIVIDUAL PROJECTS; REPORTS TO CONGRESS.—No individual project authorized under title I, II, III, or IV of this Act for any specifically listed military installation for which the current working estimate is greater than the statutory upper limit for minor construction projects, may be placed under contract if—

(1) the approved scope of the project is reduced in excess of 25 per centum; or

(2) the current working estimate, based upon bids received, for the construction of such project exceeds by more than 25 per centum the amount authorized for such project by the Congress;

until a written report of the facts relating to the reduced scope or increased cost of such project, including a statement of the reasons for reduction in scope or increase in cost, has been submitted to the Committees on Armed Services of the Senate and House of Representatives, and either thirty days have elapsed from the date of submission of such report, or both committees have indicated approval of such reduction in scope or increase in cost, as the case may be.

(f) ANNUAL REPORT TO CONGRESS.—The Secretary of Defense, or the Secretary's designee, shall submit an annual report to the Congress identifying each individual project (other than a project authorized under section 103, 203, 303, or 403) which has been placed under contract in the preceding twelve-month period and with respect to which the then current working estimate of the Department of Defense, based upon bids received, for such project exceeded the amount authorized by the Congress for that project by more than 25 per centum. The Secretary shall also include in such report each individual project with respect to which the scope was reduced by more than 25 per centum in order to permit contract award within the available authorization for such project. Such report shall include all pertinent cost information for each individual project, including the amount in dollars and percentage by which the current working estimate based on the contract price for the project exceeded the amount authorized for such project by the Congress.

(g) COST AND FLOOR AREA VARIATIONS—SOLAR ENERGY.—The Secretary of Defense shall encourage the utilization of solar energy as a source of energy for projects authorized by this Act where utilization of solar energy would be practical and economically feasible. In order to equip any project authorized by this Act with solar heating equipment, solar cooling equipment, or both solar heating and solar cooling equipment, the Secretary of Defense may authorize increases in the cost limitations or floor area limitations for such project by such amounts as may be necessary for such purpose. Any increase under this section in the cost or floor area of a project authorized by this Act shall be in addition to any other increase in such cost or variation in floor area limitations authorized by this or any other Act.

CONSTRUCTION SUPERVISION

SEC. 704. Contracts for construction made by the United States for performance within the United States and its possessions under this Act shall be executed under the jurisdiction and supervision of the Corps of Engineers, Department of the Army; the Naval Facilities Engineering Command, Department of the Navy; or such other department or Government agency as the Secretaries of the military departments recommend and the Secretary of Defense approves to assure the most efficient, expeditious, and cost-effective accomplishment of the construction herein authorized. The Secretaries of the military departments shall report annually to the President of the Senate and Speaker of the House of Representatives a breakdown of the dollar value of construction contracts completed by each of the several construction agencies selected together with the design, construction supervision, and overhead fees charged by each of the several agents in the execution of the assigned construction. Further, such contracts (except architect and engineering contracts which, unless specifically authorized by the Congress shall continue to be awarded in accordance with presently established procedures, customs, and practice) shall be awarded, insofar as practicable, on a competitive basis to the lowest responsible bidder, if the national security will not be impaired and the award is consistent with chapter 137 of title 10, United States Code. The Secretaries of the military departments shall report annually to the President of the Senate and Speaker of the House of Representatives with respect to all contracts awarded on other than a competitive basis to the lowest responsible bidder. Such reports shall also show, in the case of the ten architect-engineering firms which, in terms of total dollars, were awarded the most business; the names of such firms; the total number of separate contracts awarded each firm; and the total amount paid or to be paid in the case of each such action under all such contracts awarded such firm.

REPEAL OF PRIOR YEAR AUTHORIZATIONS: EXCEPTIONS

SEC. 705. (a) As of October 1, 1981, or the date of the enactment of the Military Construction Authorization Act for fiscal year 1982, whichever is later, all authorizations for military public works, including family housing, to be accomplished by the Secretary of a military department in connection with the establishment or development of installations and facilities, and all authorizations for appropriations therefor, that are contained in titles I, II, III, IV, and V of the Military Construction Authorization Act, 1980 (Public Law 96–125; 93 Stat. 928), and all such authorizations contained in Acts approved before November 26, 1979, and not superseded or otherwise modified by a later authorization are repealed except—

(1) authorizations for public works and for appropriations therefor that are set forth in those Acts in the titles that contain the general provisions; and

(2) authorizations for public works projects as to which appropriated funds have been obligated for construction contracts, land acquisition, or payments to the North Atlantic Treaty Organization, in whole or in part, before October 1, 1981, or the date of the enactment of the Military Construction Authorization Act for fiscal year 1982 whichever is later, and authorizations for appropriations therefor.

(b) Notwithstanding the repeal provisions of subsection (a) of this section and section 605 of the Military Construction Authorization Act, 1980 (Public Law 96–125; 93 Stat. 944), authorizations for the following items shall remain in effect until October 1, 1982, or the date of the enactment of the Military Construction Authorization Act for fiscal year 1983, whichever is later:

(1) Energy Control System construction in the amount of $3,300,000 at Fort Jackson, South Carolina, authorized in section 101 of the Military Construction Authorization Act, 1979 (Public Law 95–356; 92 Stat. 565).

(2) Regional Sewage Treatment Plant Upgrade construction in the amount of $1,209,000 at Fort

Bliss, Texas, authorized in section 101 of the Military Construction Authorization Act, 1979 (Public Law 95–356; 92 Stat. 565).

(3) Regional Sewage Treatment Plant Upgrade construction in the amount of $550,000 at Fort Monroe, Virginia, authorized in section 101 of the Military Construction Authorization Act, 1979 (Public Law 95–356; 92 Stat. 566).

(4) Barracks with Dining construction in the amount of $4,603,000 at Fulda, Germany, authorized in section 101 of the Military Construction Authorization Act, 1979 (Public Law 95–356; 92 Stat. 567).

(5) Improvements to Heating System in the amount of $394,000 at Kansas Army Ammunition Plant, Kansas, authorized in section 101 of the Military Construction Authorization Act, 1979 (Public Law 95–356; 92 Stat. 566).

(6) Energy Control System in the amount of $1,372,000 at Fitzsimmons Army Medical Center, Colorado, authorized in section 101 of the Military Construction Authorization Act, 1979 (Public Law 95–356; 92 Stat. 566).

(7) Hospital addition, alteration, and upgrade in the amount of $30,283,000 at 2d General Hospital, Landstuhl, Germany, authorized in section 101 of the

Military Construction Authorization Act, 1979 (Public Law 95–356; 92 Stat. 567).

(8) Facilities Modernization in the amount of $1,782,000 at Christensen Barracks, Bindlach, Germany, authorized in section 101 of the Military Construction Authorization Act, 1979 (Public Law 95–356; 92 Stat. 567).

(9) Facilities Modernization in the amount of $7,731,000 at Ferris Barracks, Erlangen, Germany, authorized in section 101 of the Military Construction Authorization Act, 1979 (Public Law 95–356; 92 Stat. 567).

(10) Barracks without dining facilities in the amount of $2,299,000 at Conn Barracks, Schweinfurt, Germany, authorized in section 101 of the Military Construction Authorization Act, 1979 (Public Law 95–356; 92 Stat. 567).

(11) Energy Monitoring and Control System in the amount of $765,000 at the Naval Air Station, Jacksonville, Florida, authorized in section 201 of the Military Construction Authorization Act, 1979 (Public Law 95–356; 92 Stat. 568).

(12) Municipal Sewer Connection construction in the amount of $2,500,000 at the Naval Education and Training Center, Newport, Rhode Island, authorized in

section 201 of the Military Construction Authorization Act, 1979 (Public Law 95-356; 92 Stat. 569).

(13) Space Transportation System airfield facilities in the amount of $32,100,000 at Vandenberg Air Force Base, California, authorized in section 301 of the Military Construction Authorization Act, 1979 (Public Law 95-356; 92 Stat. 573).

UNIT COST LIMITATIONS

SEC. 706. None of the authority contained in titles I, II, III, and IV of this Act shall be deemed to authorize any building construction projects inside the United States in excess of a unit cost to be determined in proportion to the appropriate area construction cost index, based on the following unit cost limitations where the area construction index is 1.0:

(1) $52 per square foot for permanent barracks; or

(2) $56 per square foot for unaccompanied officer quarters;

unless the Secretary of Defense, or the Secretary's designee, determines that, because of special circumstances, application to such project of the limitations on unit cost contained in this section is impracticable. Notwithstanding the limitations contained in prior Military Construction Authorization Acts on units costs, the limitations on such costs contained in this section shall apply to all prior authorizations for such construction not heretofore repealed and for which construction contracts have not been awarded by the date of enactment of this Act.

TITLE VIII—GUARD AND RESERVE FORCES FACILITIES

AUTHORIZATION FOR FACILITIES

SEC. 801. Subject to chapter 133 of title 10, United States Code, the Secretary of Defense may establish or develop additional facilities for the Guard and Reserve Forces, including the acquisition of land therefor, but the cost of such facilities shall not exceed the following amounts:

(1) For the Department of the Army:

(a) Army National Guard of the United States, $27,141,000.

(b) Army Reserve, $39,721,000.

(2) For the Department of the Navy: Naval and Marine Corps Reserves, $22,250,000.

(3) For the Department of the Air Force:

(a) Air National Guard of the United States, $80,500,000.

(b) Air Force Reserve, $18,725,000.

WAIVER OF CERTAIN RESTRICTIONS

SEC. 802. The Secretary of Defense may establish or develop installations and facilities under this title without regard to section 3648 of the Revised Statutes, as amended

(31 U.S.C. 529), and sections 4774 and 9774 of title 10, United States Code. The authority to place permanent or temporary improvements on lands includes authority for surveys, administration, overhead, planning, and supervision incident to construction. That authority may be exercised before title to the land is approved under section 355 of the Revised Statutes, as amended (40 U.S.C. 255), and even though the land is held temporarily. The authority to acquire real estate or land includes authority to make surveys and to acquire land and interests in land (including temporary use), by gift, purchase, or otherwise.

TITLE IX—GENERAL PROVISIONS

USE OF SOLAR ENERGY SYSTEMS IN NEW CONSTRUCTION

SEC. 901. Section 2688 of title 10, United States Code, is amended to read as follows:

"(a) The Secretary of Defense shall encourage the use of solar systems as a source of energy for military and family housing construction of buildings or facilities to be heated or cooled when the use of a solar energy system would be practical.

"(b) The Secretary of Defense shall require that the design of all such buildings or facilities include consideration of solar energy systems and that an engineering investigation of the merits of installing solar energy systems shall be carried out on all such new buildings or facilities having a potential for significant savings of energy resources.

"(c) In order to equip any building, facility, or family housing unit with solar energy systems, the Secretary of Defense may authorize an increase in any applicable limitation with respect to cost or floor area by such amount as may be necessary for such purpose.

"(d) The Secretary of Defense shall require that contracts for such buildings, facilities, or family housing units include a requirement to furnish and install solar energy systems whenever an engineering investigation indicates that such a system, for each $1,000 of solar energy systems investment, will save not less than the following barrels of oil equivalent annually:

"(1) One barrel for oil, gas, or propane derived energy.

"(2) Two barrels for electrical power, other than hydroelectric or nuclear electric power.

"(3) Three barrels for hydroelectric or nuclear electric power, or coal, wood, or biomass-derived energy.".

LAND CONVEYANCE, SOUTH CHARLESTON, WEST VIRGINIA

SEC. 902. Section 609 of the Military Construction Authorization Act, 1977 (Public Law 94–431; 90 Stat. 1365), is amended (a) by deleting in the first sentence "a section of land" and substituting in its place "three parcels of land" and deleting "4.5 acres" and substituting in its place "eight acres more or less"; (b) in the second sentence by deleting "eight acres" and substituting in its place "ten acres more or less"; and (c) by deleting the period at the end of the last sentence and substituting "or the Department of the Navy.".

REAL PROPERTY TRANSACTIONS

SEC. 903. Section 2662, of title 10, United States Code, is amended by striking out "$50,000" wherever that amount appears in subsections (a)(1) through (a)(5) and in subsections (b) and (e) and inserting in lieu thereof "$100,000".

ACQUISITION: INTERESTS IN LAND

SEC. 904. Section 2672 of title 10, United States Code, is amended by striking out "$50,000" in the section title and two places within the section and inserting in lieu thereof "$100,000".

SEC. 905. The Secretary of Defense may authorize the expenditure of up to $350,000 from funds authorized to be appropriated for minor construction in title I, II, III, or IV for the purpose of a capital contribution to the International Institute of Strategic Studies.

TITLE X

SEC. 1001. There are authorized to be appropriated for fiscal year 1982 such sums as may be necessary for the Secretary of Defense and the Secretaries of the Army, Navy, and Air Force to establish or develop military installations and facilities by acquiring, constructing, converting, rehabilitating, or installing permanent or temporary public works, including land acquisition, site preparation, appurtenances, utilities, and equipment.

Senator HUDDLESTON. The subcommittees will come to order.

We are today opening hearings on the fiscal 1981 request for military construction and family housing. This is a joint subcommittee hearing of the Appropriations Committee's Subcommittee on Military Construction of which I am the chairman and of the Armed Services Subcommittee on Military Construction and Stockpiles, of which Senator Gary Hart is chairman. For appropriations purposes the fiscal 1981 request totals $5.3 billion. Of that amount $3.2 billion is for military construction and almost $2 billion is for family housing.

At first glance the budget request seems to represent a significant increase over the $3.8 billion appropriated in fiscal 1980. In view of inflation, the existing construction backlog and the budget constraints of recent years, however, the increase is undoubtedly more apparent than real; and I hope we can explore that in some detail.

The budget also reflects the fact that we are moving toward a number of new systems and toward increased readiness both at home and abroad. In general, the objectives are legitimate ones. There are, nevertheless, a number of important questions to be raised about specific projects. The request for M-X related funding will lead again, I am sure, to widespread discussions regarding alternative basing modes.

We are all familiar with the various difficulties which the space shuttle has encountered, with the recent high bids for certain of the Vandenberg projects only being the latest in a long series.

There are also questions about the extent of our commitments abroad—in Europe, Korea and other areas—which need to be examined in some detail. And we must certainly address the lack of any request, except a minimal one at Diego Garcia, for any of the widely reported efforts to increase U.S. capabilities in the Eastern Mediterranean and Persian Gulf areas.

We have, I believe, a significant amount of work to do and I look forward to hearing from our witnesses today. Before we do, however, I want to make two other brief comments. First, on the appropriations side, we are attempting to approach the budget from a functional or mission stance. Our hearings have been structured along those lines and I appreciate the efforts which the services have made to date to cooperate with us in that effort.

Second, we are today, as I have mentioned, holding joint hearings with our authorization counterpart. Hopefully, we will all benefit in terms of both knowledge and saved time from this joint endeavor, and I appreciate the willingness of my colleague from Colorado to pursue this course.

So at this time I will turn to Senator Hart.

Senator HART. Thank you very much, Senator Huddleston. I would like to make a few observations preliminarily before we hear from the witnesses.

First, a comment on the hearing process for this year. Senator Huddleston and I have agreed to a series of joint hearings to build the public record in support of this program. We held a joint hearing last year to examine a late request for M-X construction funds and I thought the hearing went well. Our subcommittees need much of the same information and I think these joint hearings will provide that information and save the taxpayers substantial money. As a matter of interest, the Government Printing Office estimated the cost of our hearing record last year at $33,000. So it will be estimated we will "save" about that much money this year, not to mention the time saved for the witnesses who normally testify separately.

The military construction budget for fiscal year 1981 is the largest ever—over $5 billion for the first time in this Nation's history. Yet I am not sure whether this is the right amount. Last year in its report on the fiscal year 1980 bill the Armed Services Committee asked the Defense Department, with respect to military construction, "how much is enough?" According to Mr. Fliakas' statement on this budget, I understand that the Department has decided that $6.2 billion is about "how much" should be in the fiscal year 1981 construction request—but you are asking for $1 billion less. I think it is extremely important—especially with the potentially huge expenditures that may be required for M–X and new overseas basing requirements—that we get at the question of "how much is enough."

I want to supplement my reference to M–X construction requirements. In testimony before our joint subcommittees late last year, the Air Force said that M–X construction requirements as now envisioned in the design of that system as now proposed—200 missiles and 4,600 shelters—will cost over $20 billion in then-year dollars, with costs during the peak years of 1984–86 approaching $5 billion each year. To support such an effort without substantially increasing the backlog of facilities requirements will dictate a greatly expanded military construction program. Again I think the important question is "how much is enough?"

There are other areas we will want to examine. Overseas construction is over $1 billion. Are our allies doing enough? NATO infrastructure has nearly doubled; the request is for $300 million. Why? A couple of old projects that the Congress has turned down twice in the past are back—$106 million for a new DIA headquarters at Bolling Air Force Base in Washington, D.C. and $65 million for a headquarters complex in Europe. Why are we seeing them again? We are also getting more requests to add projects to this bill than any year since I have been here. How are we going to accommodate these requests?

Today is our first session. Tuesday and Wednesday we will have joint sessions on the Pacific and the Indian Ocean areas. A review of DOD energy initiatives is slated for later in March this year and a final joint session on NATO is scheduled April 17, 1980. I know Senator Huddleston has scheduled other sessions which he needs for his purposes and it may be necessary for the Armed Services Military Construction Subcommittee to schedule additional sessions as well. We can make that determination as we proceed.

Once again I want to thank my colleague, Senator Huddleston, for his cooperation and his staff in arranging these joint hearings and I think it will shortcut a lot of duplication that might otherwise occur.

Senator HUDDLESTON. Thank you, Senator.

Our first witness, and I think we will hear all the witnesses before we proceed with questioning, is Mr. Perry J. Fliakas, Deputy Assistant Secretary of Defense (Installations and Housing).

STATEMENT OF PERRY J. FLIAKAS, DEPUTY ASSISTANT SECRETARY OF DEFENSE (INSTALLATIONS AND HOUSING)

Mr. FLIAKAS. Thank you, Mr. Chairman.

Mr. Chairman and members of the subcommittees, I am pleased to have the opportunity to appear before your subcommittees today to present the Department of Defense fiscal 1981 military construction program and to discuss some of its details and other construction related matters affecting the facility resources and needs of the Department of Defense.

Senator Huddleston. Mr. Fliakas, I don't know whether——

Mr. Fliakas. Mr. Chairman, I have a very comprehensive and lengthy statement, some 99 pages, and I intend to——

Senator Huddleston. We would encourage you not to read it all.

Mr. Fliakas. I will brief it, sir, and submit it in its entirety for the record.

In addition I have separate statements, knowing of your separate interests in a number of areas. One is on construction in Europe, including the NATO infrastructure program; the second one is on family housing; another separate statement on Defense agencies, the Guard and Reserve forces; and finally one on general provisions. With your permission I will insert all of these statements in the record.

Senator Huddleston. Without objection, the prepared statements, the responses to issues raised by the Appropriations Committees, and the responses to issues raised by the Armed Services Committees, will be inserted in the hearing record at this point.

[The prepared statements and responses follow:]

PREPARED STATEMENT OF PERRY J. FLIAKAS, DEPUTY ASSISTANT SECRETARY OF DEFENSE (INSTALLATIONS AND HOUSING)

Mr. Chairmen and members of the committees: I am pleased to have the opportunity to appear before your committee today to present the Department of Defense the fiscal year 1981 Military Construction Program, and to discuss some of its details and other construction related matters affecting the facility resources and needs of the Department of Defense.

The request for fiscal year 1981 that we are presenting today has been structured through the use of the Zero Based Budgeting technique. It represents a carefully balanced approach to the twin problems of providing new facilities required by changes in weapons, advancing technologies, National Security policy, or other factors, and our continuing effort to upgrade or replace much of our substantial inventory of aging and obsolescent facilities.

The fiscal year 1981 program, as with past-year programs, has evolved through a series of careful, detailed reviews of each project proposed by the Military Services. In those reviews, primary concern has been to assure that the project was not only essential to meet a valid and urgent military need, but represented the most cost effective and feasible method for achieving the objective. As a result of these reviews, the DOD fiscal year 1981 Construction program will enhance the military posture and readiness of the Active Forces and their Guard and Reserve components.

For fiscal year 1981 the Department of Defense Military Construction and Family Housing program request totals $5,249,073,000 for authorization of appropriations and $5,349,456,000 for appropriations. The main differences between these amounts are for planning and design and defense access roads which will be funded under permanent codified authorizing legislation, funding at projects authorized in prior years; funding for debt principal retirement; and projects requested for full authorization but with phased funding.

For fiscal year 1980 the Department of Defense requested appropriations in the amount of $3,856,625,000 and $239,680,000 as a supplement to fiscal year 1979. The committees of Congress chose not to act separately on the supplemental request but rather, folded it into the fiscal year 1980 program consideration. Actual appropriations enacted for fiscal year 1980 totaled $3,893,577,000. Thus, the fiscal year 1981 appropriations request reflects an increase of some $1,253,151,000 from the amounts requested and $1,455,879,000 more than the fiscal year 1980 enacted appropriation.

In comparison, for fiscal year 1980 the Department of Defense requested authorizations in the amounts of $3,721,356,000 and $226,380,000 as a supplement to fiscal year 1979. The authorizing committee also chose not to act separately on the supplemental request and also folded it into the fiscal year 1980 program consideration. Actual enactment totaled $3,838,846,000. Thus, the fiscal year 1981 authorization request reflects an increase of some $1,346,337,000 from the amounts requested and $1,455,227,000 more than the fiscal year 1980 enacted authorization.

The primary reason for the significant increase this year, is that the fiscal year 1980 program request was severely constrained to only urgent near-term defense facility needs. The fiscal year 1981 program provides a more balanced level of facilities to support deployment of weapons systems, to continue emphasis on European readiness, to improve the quality of life for military personnel and their families, and to meet defense commitments to high priority national requirements such as energy conservation and pollution abatement.

Turning now to a comparison of this years authorization and appropriation requests to the totals requested last year, following are tabular summaries of the authorization and appropriation requested for the Active, Guard and Reserve Forces, the Defense Agencies, NATO Infrastructure, and the Family Housing Program, arranged for easy comparison with the fiscal year 1980 program.

DEPARTMENT OF DEFENSE

[In millions of dollars]

	Appropriations (fiscal years)			
	1979S request	1980 request	1980 enacted	1981 request
Army	118.0	722.3	725.6	980.3
Navy	1.1	551.9	567.0	703.0
Air Force	37.6	539.7	565.5	815.3
Defense agencies	22.7	94.3	42.4	235.7
NATO infrastructure		150.0	150.0	300.0
Guard/Reserve Forces		100.0	120.0	216.7
Family housing and homeowners assistance	51.7	1,698.4	1,623.1	2,098.5
Foreign currency fund			125.0	
Total	231.1	3,856.6	3,918.6	5,349.5

[In millions of dollars]

	Authorization (fiscal years)			
	1979S request	1980 request	1980 enacted	1981 request
Army	118.0	749.6	768.1	895.6
Navy	1.1	479.5	489.6	898.1
Air Force	37.6	492.7	542.7	619.7
Defense agencies	9.4	73.0	60.3	293.9
NATO infrastructure		150.0	185.0	300.0
Guard Reserve Forces		78.2	98.2	188.3
Family housing and homeowners assistance	60.3	1,698.4	1,694.9	2,098.5
Total	226.4	3,721.4	3,838.8	5,294.1

As mentioned earlier, the program reflects a carefully structured mix of new requirements and a measured advance toward our goal of modernizing or replacing many of the older structures in the inventory. The division between these major categories is roughly 73 percent devoted to support of current missions and new requirements, and about 27 percent allocated to replacement and modernization. While we would like a greater emphasis on the replacement and modernization program in fiscal year 1981, we must consider many competing priorities within the total matrix of requests.

Inflation in the construction industry continues to be one of our main concerns. Our ability to predict construction costs two years in advance is increasingly eroded because of the large effect of petroleum prices. While in the calendar year just past, construction costs rose about 10 percent and are predicted to rise slightly less this year, due principally to an anticipated drop in new housing construction, certain products such as asphalt for pavements are expected to double in price this year and may go even higher. Some industry analysts predict a large increase in overall construction prices at the end of this year which is just when we will be getting the projects in this program underway. Fluctuations in the value of the dollar compared to foreign currencies continue to have a large effect on our overseas program. In pricing the fiscal year 1981 projects, we have assumed that construction costs will rise at about 9 percent a year for the next 2 years. We believe that this will be sufficient to assure that the large majority of Defense projects will be awarded within the requested appropriations.

The current total facility deficiency for the three Military Departments, the Guard and Reserve, Defense Agencies and Family Housing is estimated at $58.6 billion including $21.6 billion for the Air Force M–X missile program. The total deficiency of the three active Military Departments alone (exclusive of the M–X program) is $32.9 billion of which $14.0 billion represents replacement and modernization projects required to eliminate inadequate and overage facilities. Future progress in overcoming this substantial deficit will continue to depend primarily on two factors; an abatement in construction cost inflation and future increases in the amount of military construction budgets to devote to these needs.

Within the total requested program, some $5.4 billion, about $2.2 billion are allocated to construction within the United States, $382 million for general support activities, and about $1.0 billion to overseas construction. The overseas total includes $300 million as our cost share contribution to NATO Infrastructure. The remainder, $2.1 billion, represent the military family housing resources necessary to finance operations and maintenance, leasing, and similar activities for support of family housing worldwide.

For the information of the Committees and to provide further amplification of the various parts of our program, there are attached to my statement four enclosures for each committee. First is a summary of the proposed authorization/apprpriation construction progams by the majo facility categories. Second is a more detailed description of the construction within the various authorization/appropriation construction programs by the major facility categories. Second is a authorization for appropriations. In the last enclosures are our responses to a number of questions and requests for reports contained in the Authorization and Appropriations Committee reports on the fiscal year 1980 program. Other responses containing more detail, will be forwarded to the Committee separately. Similar responses to family housing issues are addressed in my separate statement on family housing.

Now I would like to address several important segments of this year's request which in the past have been a matter of interest to the Congress, and which we consider to be essential elements affecting our total program. The first of these is:

CONSTRUCTION EXECUTION

The Department of Defense has continued its emphasis on executing the military construction program in the year for which funds are appropriated. By the end of fiscal year 1979 the overall service performance execution rate was approximately 90 percent of the available program (excluding projects cancelled or delayed beyond Service control). The fiscal year 1979 performance rate compares with 90 percent in fiscal year 1978, 89 percent in fiscal year 1977 and 77 percent in fiscal year 1976. The Military Departments should be commended for this sustained high performance. In addition to the year-end goal, intermediate goals have been established to encourage award of the program in the early quarters of the fiscal year. This is essential in a period of high inflation because delay in "hitting the street" means increased costs. And, of course, early awards enable us to furnish required facilities to the user in a more timely and cost effective manner. The late enactment by the Congress of the fiscal year 1980 MILCON bills has put us in the hole, but, we will strive to attain 90 percent execution by the end of the fiscal year.

As I anticipated last year and pointed out in testimony, during fiscal year 1979 a total of 46 projects exceeded the program authorization by more than 25 percent and thereby required cost variation approval. Several factors influenced the increased cost of projects during the fiscal year. Among these were a greater inflation rate than was programed, foreign currency devaluation and a reduction in competition within the construction industry for government contracts. Of particular concern is the reduction in the number of contractors competing for Department of Defense projects. I have held informal discussions with representatives of the construction industry who indicate that the declining competition for DOD work is due to the advent of various socio-economic programs in this country, and the associated overhead costs.

Analysis of the fiscal year 1979 program performance indicates the ratio of the current working estimate to project authorization was almost 99 percent. Historically this ratio has been in the mid-80 percent range which allowed flexibility to reprogram funds for projects with current working estimates above their programed authorization and, to pay for claims. In some past years, we have even applied prior-year savings to future program requests. But, I am afraid this is no longer possible, and the flexibility we once enjoyed is no longer there.

Inflation, coupled with the current poor bidding climate for the DOD construction projects have resulted in a shortage of funds to award the remaining fiscal year 1979 and earlier projects. Unless a change in the construction climate produces dramatically better bids, a number of projects will have to be reprogramed to future years and/or additional funding appropriated.

CONSTRUCTION IN EUROPE

Construction in Europe continues to command a major portion of our total construction request. I will cover this in more detail in my separate statement on construction in Europe and NATO Infrastructure, but I would like to say here that the DOD has made significant progress in addressing the concerns of the Congress with particular emphasis on management initiatives and innovations in this very important area. For fiscal year 1981, some $765 million is required to support the operational objectives of the U.S. and major NATO commanders. Included in this figure is $300 million for the U.S. contribution to the NATO Infrastructure program. The latter represents a substantial increase over the $185 million authorized and $150 million appropriated in fiscal year 1980 and reflects the proportionate share it is estimated the U.S. will incur in fiscal year 1981 of the more than $4.7 billion Infrastructure program approved for the 5-year period, 1980–1984. Another significant factor considered in this year's request is the greater rate at which the host nations are accomplishing approved Infrastructure projects. The accelerated rate of such completions has caused a concomitant increase in requirements for the U.S. to pay its share of such projects.

In addition to the Infrastructure line item, the total request includes $277 million for the Army, $57 million Navy, $49 million for the Air Force, and $83 million for the Defense Agencies. I am pleased to point out that only $19.9 million or 4 percent of the construction request is for prefinanced projects. As I indicated last year, we will limit this practice to very selected projects and only when absolutely required to meet operational commitments. These funds are urgently required for the first phase of the Ground-Launch Cruise Missile program. While NATO funding will not be available to meet the established initial operational capability date for this system, the remaining operational portions of the cruise missile program will be funded directly through the NATO Infrastructure program. The requests for the Services and Defense Agencies include such items as personnel and logistic support, Dependents Schools, training facilities and other projects that are not eligible for NATO funding.

U.S. ARMY EUROPE RESTATION PLANNING

The House Appropriations Committee in its Report No. 96–246 noted that the Army has planning underway for some realignment of stationing and facility consolidations in Germany and required that certain related information be provided during the fiscal year 1981 Military Construction budget hearings.

The Senate Appropriations Committee in its Report No. 96–407 also stated its interest in the potential for realignment and consolidation in Germany and desired that this be discussed during the fiscal year 1981 Military Construction Program hearings.

In order to satisfy these requirements, the DOD prepared a classified briefing for interested Committees of Congress and their staff members on the status of this planning which has the objective of improving the stationing of the U.S. Forces in West Germany and increasing readiness. Briefings were conducted for interested Congressional Committee staff members on February 8, 1980. We are prepared to provide briefings for Congressional Committees at their convenience, in order to comply with the request for information on consolidation and realignment of our Forces in Germany contained in the Congressional reports. The fiscal year 1981 Program/Budget request for construction in Germany, is consistent with this plan.

MEDICAL FACILITIES

The fiscal year 1981 budget includes $513.5 million of authorization and $247 million of funding for medical facility construction, whcih compares with just $66 million requested in fiscal year 1980. This recognizes the vital need to make significant headway with the $1.8 billion backlog of deficient medical facility plant. Much of the current inventory of DOD medical facilities was built 25 to 50 years ago, and is today functionally and physically inadequate to meet the needs of modern medical care.

Current planning calls for substantial increases for funding in fiscal year 1982 for medical construction which will be a high point of the total program. The outyears of the DOD 5-year program are planned to continue addressing major deficiencies world-wide. The deficiencies being addressed by this work include modernization of existing hospitals to meet changing medical missions and life safety compliance, and needed troop clinics at a variety of installations.

ENERGY CONSERVATION INVESTMENT PROGRAM (ECIP)

This is the sixth year of this progressive program to reduce energy consumption in all of our existing buildings and utilities systems. The program is designed to accomplish retrofit work in older facilities on a cost-effective basis to lower energy-use levels and to achieve a significant savings in utility costs.

In order to verify the energy savings from the ECIP effort, we requested the Defense Audit Service to review the first 3 years of the program. Based on the Defense Audit Service findings, we have issued further guidance to the Military Departments to strengthen the program and to eliminate problem areas. We have instituted an annual ECIP report and the first of these reports is currently being reviewed. As soon as the review is complete, we will supply the committee with revised energy savings data.

We are concerned with the direction being taken by the Department of Energy in implementing the National Energy Conservation Policy Act (Public Law 95-619) with regard to life-cycle costing. As we understand the proposed requirements for life-cycle costing, we will be forced to evaluate future ECIP projects on the basis of dollar savings only, without regard to energy savings. This is the procedure followed during the first two years of the program but we determined that it was not producing the necessary reductions in energy. Accordingly, we shifted the program emphasis to energy conservation by establishing priorities based on energy savings per $1,000 of investment. Under this criterion the maximum-energy-saving projects are accomplished first. In order to assure a cost effective program we require all ECIP projects to have a benefit-to-cost ratio greater than one. If dollar savings become the criterion instead of energy savings we do not believe we can achieve a 20 percent reduction by 1985 as required by Executive Order 12003.

As noted last year, Executive Order 12003 (July 20, 1977) which mandates a 20 percent decrease in energy use in existing facilities by 1985 (as compared to 1975), resulted in a need to extend the Energy Conservation Investment Program to fiscal year 1984 at a total cost of about $1.5 billion. We believe this total program cost is still valid. In the past 5 years Congress has authorized and appropriated $645 million for this work. This year, an authorization of $219.2 million and an appropriation of $222.9 million (including $47.2 million for family housing) is requested for this important program. As retrofit solutions become more complex, we expect requirements to increase to a peak of about $275 million by fiscal year 1983. The average amortization period to date is about 5 years and the 1981 program payback is estimated at less than 6 years.

POLLUTION ABATEMENT

The DOD is continuing to make a major effort to identify and correct air and water pollution problems while attempting to fully comply with the many state, regional and local requirements. The fiscal year 1981 request contains $28.1 million for air pollution abatement and $79.6 million for water pollution abatement.

In the past 12 years, funding from all sources for pollution abatement has exceeded $2.5 billion. We believe good progress has been made in improving the environmental quality not only for personnel on military installations but also for those neighbors adjacent to installations. One of our principal objectives has been to achieve cost effective and timely abatement solutions. As I have stated before to this committee, the program has been difficult at times and continues to have problems. The many changes and modifications to abatement regulations have made it difficult to focus on a solution in many cases. There have been technical problems in some areas, especially for industrial facilities.

The proper disposal of explosives and ammunition is the principal remaining problem in the area of air pollution abatement. We expect to have several projects of this type in the near future. Federal guidelines to meet the large requirement for best available waste water treatment have been issued for certain industrial processes such as electroplating. Defense responsibility in these areas is primarily for pre-treatment efforts and we are now asking the military departments to identify requirements for future year programming.

As I have stated before, we are unable to predict the end of the pollution abatement effort. It is probable that it will continue into fiscal year 1984 primarily to accommodate the new requirements for best available waste water treatment and for unique explosives disposal requirements.

You will note that our fiscal year 1981 request is lower than last year. This is due to a combination of events. First, we are completing some of the earlier requirements. For example, the Navy has no current request for air pollution abatement funds. Second, there is the Comptroller General's ruling (B-194912 and B-195507) of October 4, 1979, which relates to the Federal contribution to regional waste water treatment plants. We understand this ruling to require EPA to fund the entire Federal share including that formerly funded by Defense. Further, there is the engineering design difficulty being encountered by Army in developing disposal facilities for explosive wastes and ammunition. Finally, the time of the issuance of the best available waste water treatment Federal guidelines prevented inclusion of many of these projects in fiscal year 1981. We expect the pollution abatement program for fiscal year 1982 will be substantially larger.

BASE REALIGNMENTS

Knowing the Congress expressed vital interest in actions affecting Department of Defense installations, I would like to say at the outset, there is no new base closure package announcement planned this year. However, our actions on the previously announced proposals are continuing.

To summarize briefly, in March 1979, the Military Departments and Defense Agencies announced a number of base realignment decisions and Army preferred alternatives affecting 157 installations and activities in the United States which, when implemented, would reduce annual Defense costs by more than $264 million and eliminate 9,700 military and 5,600 civilian personnel positions throughout the Department of Defense. Subsequently, several decisions and preferred alternatives have been changed, revised or held in abeyance as a result of changed conditions and new legislation.

In addition, new proposals to study possible conversion to contract of a large number of DOD commercial and industrial functions and services were announced. These conversions, if implemented after necessary studies are completed, could involve 4,200 military and 18,000 civilian positions and result in a reduction of approximately $39 million in annual Defense costs.

Also announced were a number of new base realignment proposals for study which, if implemented, could reduce annual Defense costs by another $47 million and eliminate 2,000 military and civilian personnel positions. In addition to these studies, announcement was made of the initiation of the DOD Consumable Item Management Study which, if determined to be feasible, could allow the reduction of over 5,000 military and civilian personnel positions and reduce Defense costs by over $123 million annually through transfer of the management of 1.3 million consumable items from the Military Services to the Defense Logistics Agency.

As the various studies are completed, the results and decisions are being announced.

GUARD AND RESERVE COMPONENTS

The authorization request for the Guard and Reserve Components of the Army, Navy, Marine Corps, and Air Force is $188,337,000 and the appropriation request $216,700,000 for fiscal year 1981. This request includes projects in 43 states and Puerto Rico. It represents an increase of $90,186,000 over that authorized for fiscal year 1980 and $96,700,000 over that appropriated for fiscal year 1980 which, it is remembered, was extremely austere. When inflation is considered, the DOD request for fiscal year 1981 equals approximately the average authorized the 8 years previous to 1980.

The Guard and Reserve Components constitute about 30 percent of the total force and continue to play an increasingly important role. Approximately 40 percent of the request is in support of new mission requirements or new equipment assignments. The balance of the program request is to replace, renovate or expand inadequate facilities that hamper readiness objectives of the Reserves or that fail to meet the minimum health, safety, environmental, or energy conservation standards.

While manpower shortages in the Reserves remain of concern, the construction program has been thoroughly analyzed to insure that each project is located where there has been a demonstrated capability to support the various Guard and Reserve Programs. Each project has been further screened to insure that it is absolutely required and planned in the most cost effective manner. Each component will be prepared to address their specific requirements and status when they appear separately before this committee.

DIA BUILDING

The planned construction of the Defense Intelligence Analysis Center at Bolling Air Force Base has been subjected to critical analysis and has been found to be the most appropriate approach, offering distinct advantages over other alternatives. The use of Bolling is also consistent with the master plan for future development in the National Capital Region. Authorization and funding of this much needed project in fiscal year 1981 is critical in order that vital photographic processing and electronic equipment can be moved into the facility in July 1983, bringing to an end the risks imposed by leases that are running out and deteriorating environmental conditions in temporary facilities. This schedule will permit the remainder of the agency to begin occupancy in January 1984 and become fully operational in June 1984. Design has been completed and we are requesting full authorization of $106.2 million in this year's program. In accordance with congressional guidance, funding is being requested on an incremented basis over a two-year period beginning with $32.7 million in fiscal year 1981. The Defense Intelligence Agency and I will be prepared to go into greater detail when we take up the Defense Agencies with you.

FAMILY HOUSING

The Department of Defense Family Housing Program for fiscal year 1981 requires authorization of appropriations and appropriations of about $2.1 billion, which is an increase of approximately $.4 billion over the fiscal year 1980 level of $1.7 billion. Most of this increase is due to the inclusion of construction projects this year (we had none last year) and is necessary to accommodate our most urgent needs for new housing and improvements to the existing housing inventory. As in previous years, this is the largest single element in the military construction request.

Although the Department of Defense no longer has a large family housing deficit, there are housing shortages that impact on family members in certain remote locations and high cost urban areas which the fiscal year 1981 program attempts to accommodate. This year, the request contains 2,651 units of new construction at a cost of $159 million. Furthermore our housing improvement program and energy conservation investment program for fiscal year 1981 totaling $109 million, will provide for the necessary capital investment to continue the modernization of the existing inventory.

The fiscal year 1981 request allows for an increase in operational costs, new units coming into the inventory, and recognizes efficiencies in the program through energy conservation efforts. We are also continuing our efforts to reduce the maintenance deficiency to a manageable level.

The program to test the feasibility of metering the utilities consumed by occupants of military family housing units, and charging occupants for use above a "Norm", has been completed, and a report has been provided to the committee separately. I will be prepared to discuss the details of the Family Housing program at our separate hearing.

PLANNING AND DESIGN

This year the DOD requests $321.1 million under the continuing authorization of 31 U.S.C. 723 for advance planning and design funds for the active forces and defense agencies and $12.5 million for the guard and reserve components. This is a significantly larger figure than the $184 million requested last year. However $97 million of the total is for planning and design of the Air Force's MX program. The remaining $237 million is just sufficient to cover inflation and anticipated somewhat larger future years programs. I might mention that we have been critically examining the planning and design program and developing computerized program control procedures which we believe will permit management actions to increase efficiency in this area. The Military Departments continue to make progress toward our goal of having all projects at least at the 35 percent stage of design when presented to the committee for authorization. We have, therefore, increased confidence in the cost estimates and in the Departments' ability to execute their projects in the budget year.

PHASED FUNDING

A major departure from prior years' approach to the funding of large scale projects is reflected in this years' bill. Two projects have been identified for incremental funding in the fiscal year 1981 MILCON program. These projects are the $293 million hospital at San Diego, California, and $106.2 million for the new analysis center for the Defense Intelligence Agency at Bolling AFB, Washington, D.C. Full authorization is requested in fiscal year 1981 for both projects with appropriations requested in fiscal year 1981 and 1982. Projects in future year programs will be reviewed in accordance with Congressional guidance and appropriate projects may be selected for phased funding.

CONCLUSION

In conclusion, I am appreciative of this opportunity to appear before you today to present the Department of Defense fiscal year 1981 Military Construction Program, and to discuss subjects in the construction, housing and installations areas which are of interest to your Committees. I have attempted to provide you with a broad outline of our continuing efforts to achieve a strong base structure which will measurably contribute to the readiness of the Total Forces. We express our appreciation for the understanding and support of this Committee which has been so helpful in past years.

FISCAL YEAR 1981 MILITARY CONSTRUCTION APPROPRIATION PROGRAM

[In millions of dollars]

	Army	Navy	Air Force	Total
Active Forces, military departments facility class:				
Operational and training	83.9	103.1	204.0	391.0
Maintenance and production	209.9	100.7	33.0	343.6
Research and development	14.8	10.2	157.7	182.7
Supply	53.4	18.5	35.6	107.5
Hospital and medical	153.1	48.0	45.9	247.0
Administrative	19.2	12.3	12.1	43.6
Housing and community	148.6	110.4	61.2	320.2
Utilities and ground improvements	178.2	156.9	98.3	433.4
Real estate	0	45.7	1.6	47.3
General support activities	119.2	97.2	165.9	382.3
Total direct program (budget authority and appropriation)	980.3	703.0	815.3	2,498.6

	Millions
Defense agencies (direct program, budget authority and appropriation)	$235.7
NATO infrastructure (direct program, budget authority and appropriation)	300.0
Guard/Reserve Forces (direct program, budget authority and appropriation)	216.7
Family housing:	
Total program	1,989.7
Less financing adjustments	17.3
Budget authority	1,972.4
Plus appropriation applied to debt reduction	126.1
Appropriation	2,098.5
Homeowners assistance:	
Total program	6.3
Less financing adjustments and reimbursements	6.3
Budget authority (and appropriation)	0

SUMMARY

[In millions of dollars]

	Program	Budget authority	Appropriation
Active Forces:			
Military departments	2,498.6	2,498.6	2,498.6
Defense agencies	235.7	235.7	235.7
NATO infrastructure	300.0	300.0	300.0
Guard/Reserve Forces	216.7	216.7	216.7
Family housing	1,989.7	1,972.4	2,098.5
Homeowners assistance	6.3	0	0
Grand total	5,247.0	5,223.4	5,349.5

ADDENDUM NO. 1 RESPONSES TO ISSUES RAISED IN APPROPRIATION COMMITTEE REPORTS

HOUSE APPROPRIATIONS COMMITTEE REPORT 96–246
SENATE APPROPRIATIONS COMMITTEE REPORT 96–407
CONFERENCE APPROPRIATIONS COMMITTEE REPORT 96–626

COST ESTIMATES

During fiscal year 1979 the Services awarded 596 projects, 46 of which exceeded the program authorization by more than 25 percent and required cost variation approval.

Several factors influenced the increased cost of the projects during the fiscal year. At the time the program estimates were prepared inflation was anticipated but not at the accelerated rate experienced during the year. An average inflation factor of 11.4 percent at the mid-point of construction was incorporated in the estimated cost while an actual inflation factor of 24.8 percent was encountered at the time of contract award. Also, foreign currency exchange rates have become much less favorable since program estimates were developed. For example, the fiscal year 1979 program guidance specified an exchange rate in Germany of DM 2.24/$1.00 while the actual exchange rate at the time of award varied from DM 1.80/$1.00 to DM 1.70/$1.00. Of the 46 individual projects experiencing difficulty, 28 had not reached the concept design stage (35 percent). Delays in award of the 46 projects averaged eight months because of restationing studies, value engineering, redesign for site problems, scope changes, repackaging and redesign due to initial high bids, and addition of solar systems. We also noted a reduction in the number of contractors competing for our projects.

Informal discussions with the construction industry indicates that the declining competition for DoD projects is due to the advent of various socio-economic programs in this country, and the associated overhead. I would also like to point out that the current working estimate/project authorization ratio for the 596 projects awarded during fiscal year 1979 was 98.6 percent. This percentage has historically been in the mid-80-percent range, which allowed residual funds to be reprogrammed to projects with CWE's above their programed authorization and to pay for claims. If construction in the private sector continues at last year's pace and bidding competition for our work continues to decline while high CWEs continue, it will be necessary for the Services to cancel projects or reduce scope to award projects within their respective title. The Services have indicated that the majority of projects in the fiscal year 1979 and 80 MILCON Programs which receive high bids will have to be cancelled due to the funding situation.

RELIABILITY OF HEARING RECORD

The Services often identify developing underfunding needs for construction that the Air Force had indicated that $40 million of Air Force prefinanced construction could not be transferred for other activities because it was required to offset other cost increases. Office of the Secretary of Defense witnesses indicated that these funds were required to reimburse other Defense Agencies appropriations to pay for projects deferred to fund NATO Infrastructure program increases. The Secretary of Defense is to advise why the divergent testimony occurred and what will be done to avoid it in the future.

The Services often identify developing underfunding needs for construction projects. In this case the Air Force indicated that the funds were required to fully finance Air Force construction projects.

The Secretary of Defense decided that a high priority existed for funding the NATO Infrastructure program in fiscal year 1979, and the only funding source was existing projects for the Defense Agencies, since the NATO program was included in the Defense Agencies appropriations. The Secretary elected to temporarily delay execution of the Defense Agencies projects and utilize these funds to insure construction of the NATO Infrastructure program. The Secretary of Defense also elected to transfer the $40 million of Air Force funds to insure execution of the Defense Agencies projects in fiscal year 1980. It is not considered that there was a divergence in testimony. Rather, it was a matter of priorities in which the Secretary determined that the NATO Infrastructure and the Defense Agencies programs had the higher priorities. The Air Force is fully aware of the Secretary of Defense decision. The Air Force projects had been prefinanced, but were ultimately constructed under the NATO Infrastructure program.

NATO INFRASTRUCTURE

The House Appropriation Committee in their Report Number 96–246 reported that $90 million was appropriated in fiscal year 1979, 150 million was requested in fiscal year 1980 and a $93 million underfunding was identified in fiscal year 1979. It was also indicated that between $160 and $200 million would be required in fiscal year 1980. The Department of Defense was directed to submit a plan identifying how apparent shortfalls in funding in fiscal year 1980 would be addressed by the Department, that no additional funds would be provided for program growth, and that recoupments shall be used for offsetting the effect of future dollar devaluation.

The fiscal year 1980 enacted program included $185 million in Authorization and $150 million in Appropriation for the NATO Infrastructure line items. With a potentially recoupable program of over $400 million, sufficient recoupment should be available in fiscal year 1980 to provide these additional $35 millions of funds in accordance with the desires of the Appropriations Committee.

The following plan for fiscal year 1980 was provided to the Committee on June 18, 1979, as part of a reprogramming request.

"An additional item you addressed was our plan for fiscal year 1980. As the Secretary of Defense stated in his letter dated April 10, it is the policy of the Administration, based on the sense of the Congress, that the United States seek greater infrastructure funding of programs for U.S. use, particularly those supporting rapid reinforcement of Europe. Thus, the $150.0 million appropriation requested for fiscal year 1980 might not be sufficient if major projects in the forthcoming Infrastructure Slices move as well as we would like them to. Also, the fiscal year 1980 budget was based on an Infrastructure Account Unit (IAU) ratio of one to $4.208, which subsequently was changed to $4.449, and is now $4.72, resulting in our estimate currently being understated by some 5.7 percent, or approximately $8–9 million. Nevertheless, we see no reason to change the fiscal year 1980 budget request at this time. It would be helpful to have available the additional $5.0 million in authorization that has been proposed in the authorization process to provide flexibility.

In addition, it is intended to include in the fiscal year 1981 military construction request legislative initiatives that would (1) transfer from the Army to the Defense Agencies account any residual NATO Infrastructure unliquidated obligations remaining in that account, and (2) provide a general transfer authority that would enable the Department to transfer available funds from other Military Construction accounts into Defense Agencies account if required and appropriate. With these two provisions, we would hope to minimize NATO Infrastructure funding problems in the future."

The plan has been modified to the extent that a single Appropriation for NATO Infrastructure is included in the fiscal year 1981 budget request. Language has been included to provide for transfer of all outstanding unliquidated obligations from both the Army and the Defense Agencies accounts to this new appropriation. With the enactment of the fiscal year 1979 Appropriations program, and with it the more restrictive multi-year and five-year obligation language contained therein, it was determined that these limiting characteristics severely impede the United States in participating in the NATO Infrastructure program.

PREFINANCING OF NATO

The House Appropriation Committee, in their Report Number 96–246, indicated that they were generally pleased with the Departments' limited request for prefinancing in fiscal year 1980, and cautioned the Services to continue prefinancing only for the most exceptional situations.

The Services have been directed to limit the amount of prefinancing to those projects that are required by operational necessity to be unilaterally financed if NATO programming cannot provide facilities in time to meet the NATO Commanders requirements. In fiscal year 1981, only the urgent operational facilities required to meet the initial operational capability date for the Ground-Launch Cruise Missile are included in the Department request, at an estimated cost of $19.9 million.

BASE CLOSURE AND REALIGNMENT

The House Appropriations Committee in its report number 96–246 directed the following:

1. The Secretary of Defense is to certify to the Congress that all pertinent statutes, regulations, and directives have been fully complied with prior to implementation of any proposed closure or realignment.
2. The Department is to include with all future case study justification folders on all realignments and closures both a present-value and cost/benefit analysis employing accepted analytical techniques and the inflation rates used by the Administration in proposing public works projects to the Congress.
3. The Department is to include the one-time social costs to the Government—such as unemployment payments, mortgage foreclosures, costs to State and local governments, revenue losses, other indirect costs defined in OMB Circular A–116, and start-up costs for layaway facilities—as an integral part of its analysis of proposed impacts or realignments.
4. To reduce the budgetary uncertainty generated by the possibility of realignments and closures, the Department is to submit such proposals to the Congress with the submission of the President's annual budget request.

The Committee also advised that failure to comply with these stipulations might result in legislative action.

The requirement to submit realignment proposals to the Congress with the submission of the President's budget was deleted by the conferees. With regard to the other suggestions, the Department of Defense now accomplishes its realignments based upon the requirements and procedures prescribed by law. The Department of Defense has in the past and will continue in the future to comply with pertinent statutes and will require the Military Departments and Defense Agencies to comply with pertinent Department of Defense Directives, instructions and policies.

LIGHT CARE BEDS

With respect to an overall Defense policy on the provision of light care bed facilities, the Office of the Assistant Secretary, Defense Health Affairs is in the process of completing this work. Light care will be addressed by representatives of the Assistant Secretary Defense, Health Affairs in later hearings devoted to Military medical matters.

NUCLEAR AND CHEMICAL STORAGE SITES

The physical security upgrade program is well underway. Steady progress has been made in awarding contracts for projects which are funded by military construction appropriations. In addition we have been successful in obtaining NATO infrastructure funding for a significant portion of the program overseas as well as having prefinanced projects included in NATO Slices for recoupment.

The semi-annual classified report to the committee lists the construction status of individual projects. Contracts for the physical upgrade of storage sites in CONUS are now over 99 percent complete in terms of dollars to be placed in contract. One contract remains to be awarded in early 1980. Contracts for all the MILCON funded portion of the physical upgrade of storage sites overseas have either been awarded or are scheduled for award in early 1980. The remaining sites have been scheduled for NATO Infrastructure funding. Funds for the remaining sites were approved in Slices 28, 29, and 30 and requested in Slice 31 scheduled for approval in early 1980. Contract awards will be made as individual projects are approved by NATO. Some delays have been experienced in fielding the Intrusion Detection System (IDS) for the NATO sites. As this is a highly complex undertaking, a prototype is being installed and will be used as the basis for further contracts.

The security upgrade program has been implemented in a deliberate and prudent manner. Analysis of requirements has led to reductions in the total number of sites, thus reducing the overall cost of the program. Specific requirements were identified at each installation. In many cases several projects were programmed incrementally at individual installations with the most urgent features designed and contracted first. Follow-on contracts were scheduled to further strengthen the security system. Compensating measures to protect the weapons have been taken in the interim period based on specific site conditions and the postulated threat.

The physical upgrade of chemical sites has also progressed well with 75 percent of the sites either completed or under construction. One site is scheduled for contract during fiscal year 1980, while the remaining sites are deferred pending resolutions of studies involving possible consolidation of chemical munitions.

CHILD CARE CENTERS

In Report 96–246, the House Appropriations Committee stated that the reason for denying the child care centers at Fort Bragg, N.C., and Fort Hood, Tex., was because the committee believes facilities of this type should be funded through nonappropriated funding sources. The report stated that the committee desires that OSD established a consistent policy on child care centers for all the services.

A letter which addresses the concommitant responsibilities of the Federal Government to provide basic community facilities necessary to meet military requirements and those of our Service personnel to fund other recreational facilities through nonappropriated fund sources was sent to the appropriate Committee Chairmen on February 16, 1980. With regard specifically to child care facilities, it is the position of this Department that they be provided by the Federal Government to meet essential military community needs.

RESERVE COMPONENTS

(a) In report 96–246, the House Appropriations Committee directed that the Reserve Components shall construct as first priority those projects deferred from fiscal year 1978 or 1979 to 1980 or later. This direction was expanded in report 96–626 by the committee of conference to require construction of all prior year projects before constructing any of the fiscal year 1980 projects.

The services have restructured both the fiscal year 1980 program and the fiscal year 1981 request to comply with this guidance to the extent practical.

Some of the prior year projects were delayed, deferred or cancelled due to mission changes or inability to obtain matching state funds. In a few instances these delays will result in post 1981 awards. In the meantime, fiscal year 1980 projects that remain in the program after this restructuring are being awarded without delay. This action has been informally coordinated with the committee staffs and formally agreed to in the House Appropriation Committee letter to the Assistant Secretary of Defense (Comptroller) in the 19th of December 1979.

(b) The House Appropriations Committee also directed that the Fiscal Year 1981 request be assembled in accordance with the Defense Audit Service recommendations and that Camp Sims be immediately closed.

The operations at Camp Sims which were to be transferred to the new Armed Forces Reserve Center at Bolling Air Force Base have been relocated to that facility. The excessing action has been delayed due to discovery of possible contaminates during the excessing process. The U.S. Army Toxic and Hazardous Materials Agency has been tasked with surveying the property to determine the extent, if any, to which contaminates do exist. This survey is scheduled to be completed in June of 1980. At that time a better schedule for excessing can be provided.

At the present time about eight acres of Camp Sims are being used by the D.C. National Guard for storage, maintenance and training on equipment assigned to the units after plans for Bolling facility were developed. If alternative facilities can not be found, that eight acre portion of the site may have to be retained.

UNACCOMPANIED PERSONNEL HOUSING

This is in reply to Appropriations Committee Report No. 96–246 on the fiscal year 1980 budget which requested a report addressing unaccompanied personnel housing modernization, facility standards. backlog and the construction program.

From the inception of the Armed Forces, each military department has been responsible for providing living quarters for military members. The Department of Defense assumed responsibility for the standardization of barracks criteria in 1952. The space standards for modernization of unaccompanied personnel housing which have evolved since that time are the same as those reflected in DOD 4270.1–M for new construction. The variances to these standards that may be encountered on specific projects are driven by cost, building configuration, and structure. For example, if an existing building is configured in a manner that economically prohibits the configuring of 3-man rooms with private baths, we hay have to upgrade existing central latrines in lieu of providing a private bath for each three-man room.

The Department of Defense recognizes that because of the variances in the configuration and type of older unaccompanied personnel housing it is not feasible to set a rigid standard for modernization. The current new construction space standards are considered appropriate and permit adjustments as required to solve problems encountered on individual projects.

The backlog of unaccompanied personnel housing for the military services totals 446,000 spaces which is comprised of: (1) An actual shortfall of 195,000 spaces to be met by new construction; and (2) 116,000 existing spaces below minimum standards of adequacy which require modernization. This total backlog of 446,000 unaccompanied personnel housing spaces reflects the budgetary restraints in recent years on the program caused by other higher priority requirements of the military services.

The funding profile for unaccompanied personnel housing has been developed with a goal of substantially reducing the above backlog. The fiscal year 1981 program for the military services totals 227.3 million and will provide 15,737 adequate spaces (9,667 spaces for new construction and 6,070 spaces for modernization). This programming is reflective of continuing efforts proposed by the Department of Defense to improve the housing for unaccompanied personnel.

Relative to the unaccompanied personnel housing program, additional plans also include improved management systems for inventory, occupancy, and cost reporting which are now being developed for comprehensive program administration.

SOLAR ENERGY

House Appropriations Committee report No. 96–246 expressed concern that the Department of Defense may be proceeding with solar energy projects that would have a construction and life cycle cost beyond a reasonable period and directed the Department to consider life cycle cost in our criteria for including solar energy in projects. While we are not opposed to the use of life cycle cost in determining the cost effectiveness of solar systems we are unable to respond to this direction because of the constraints placed on us by current law. Public Law 96–125 requires us to utilize solar energy systems on all of our facilities when it is found to be cost effective. The definition of cost effectiveness included in the Public Law does not provide for the inclusion of life cycle cost analysis. Appropriate costs have been included in this year's request for those projects on which analysis indicate solar energy is cost effective under the existing law.

MANUFACTURED HOUSING FOR TURKEY

Last year the committee urged the Department to explore the possible use of manufactured housing to fulfill the housing requirements at Incirlik AS, Turkey. The Air Force is currently studying several alternatives for meeting this requirement, including the feasibility and economics of utilizing some form of manufactured housing.

BUDGET APPROACH

In Report 96–407, the Senate Appropriations Committee expressed its concern with the current construction backlog. The report noted that the fiscal year 1978 program was artificially depressed by a construction "moratorium"; fiscal year 1979 showed modest growth, but the fiscal year 1980 program was again constrained by deferring the upgrading, replacement, or modernization of older facilities. The report noted that as backlog grows, mission capabilities begin to be impaired, deferred projects must be accomplished later at escalated prices, and annual property maintenance costs must be inflated to support aging facilities. The Committee believes construction projects should be given a high priority in order to reduce the backlog and to accommodate the introduction of a number of new systems if additional defense funding is programmed for the next few years. The Department of Defense shares the congressional concern about the current construction backlog funding for which in the past, has not kept pace with inflation and has been reduced due to constraints imposed on Federal expenditures for capital improvements. In reviewing total facility deficiencies, it is estimated that a funding level of approximately $6.2 billion in each year of the 5-year defense program would produce a reversal in the growth of facility deficiencies. While this goal was not achieved for fiscal year 1981, the fiscal year 1981 program is 39 percent greater than our request for fiscal year 1980. We believe that this increase for military construction reflects the concern of the executive department on the consequences of continued shortfalls.

CONSTRUCTION IN EUROPE

The Senate Appropriation's Committee, in Report No. 96–407, expressed concern and provided direction for several areas relative to construction in Europe. The Committee recommended appropriation in the amount of $185 million, the amount authorized by the Armed Service Committee which was $35 million more than the budget request. It directed that the additional funds be used, first, to accommodate currency fluctuations which had occurred since the program had been formulated. The Department would have preferred full funding at the $185 million level, however, during the Conference Committee, the amount was reduced, and finally appropriated at $150 million. During fiscal year 1980 recoupments will be sought for the additional $35 million which was authorized but not appropriated, and if successful, these funds will be utilized to meet U.S. commitments to the multination funded program.

The Committee also expressed concern over plans such as the Long Term Defense Program, which the Committee perceived was to have committed the U.S. government by the executive branch, without prior discussion and full consultations and approval by the legislative branch. Furthermore, any infrastructure requests which emanate from such plans should be carefully coordinated with unilateral U.S. financing.

Although specific details on long range plans, such as the Long Term Defense Program, have normally not been thoroughly reviewed by the Committees of Congress, it has always been the policy of the Department to fully disclose to the Congress the ultimate intent and programming requirements for implementing such plans. At each Committee hearing discussions ensue relative to long range construction requirements, composition of budget year military and NATO construction program, size of slice groups and general construction programs that they support, etc. In addition, recommended and approved individual NATO Infrastructure slices have been provided to each of the Congressional subcommittees involved in military construction. We have worked closely with the Committees in the past, and will continue to provide any desired information concerning current or proposed future programs which impact on construction projects.

As to the concern of the Committee regarding the integration of NATO funded requirements with those funded by the unilateral military construction program, the Committee is assured that the programs of all the Services have been carefully reviewed to insure that appropriate funding sources have been identified for each construction project. In addition, the Office of the Secretary of Defense has reviewed each Service submission to insure that only the highest DoD priority programs, considering each of the individual Service requirements, have received support for both NATO and military construction funding.

Finally, on the subject of prefinancing and recoupment, the Committee was pleased to note the minimum amount of prefinancing in the fiscal year 1980 request and expected that the DoD would actively pursue recoupment of outstanding prefinanced projects. The Department shares the Committee concerns on outstanding recoupments and has developed a plan for elimination of the considerable amount of prefinanced projects by the 1986 timeframe.

EUROPEAN FACILITIES

The Senate Appropriations Committee in its report number 96-407 stated its interest in the potential for realignment and consolidation and was pleased to learn that planning was underway to modify stationing of troops in Germany. The Committee stated further that it desired to review this matter in some detail, recognizing that any realignment will be a complex and lengthy undertaking.

Recognizing the interest of the various Congressional Committees in the U.S. military base structure in Europe, we made arrangements for the Army, with assistance of the Air Force, to be prepared to brief the interested Committees upon request on the Master Restationing Plan which has the objective of improving the stationing of the U.S. Forces in West Germany and increasing readiness. Briefings were conducted for interested Congressional staff members on February 8, 1980.

PANAMA CANAL

The Panama Canal Treaty necessitated development of a military construction program to accommodate (1) the relocation of military units and activities in released areas of the Canal Zone to U.S. military installations which were retained for the life of the treaty and (2) the assumption by the Military Services of various governmental retail and community support services formerly provided by the Canal Zone Government and Panama Canal Company. In Report 96-407, the Senate Appropriations Committee was disturbed to learn that no out-year requirements had been established beyond 1980 and urged that a long-term, comprehensive plan for such requirements be prepared as soon as possible. A Panama Regional Complex Master Plan has now been developed for the retained areas and all known future construction requirements have been identified and are in consonance with this plan. Fiscal years 1979 and 1980 military construction authorizations have provided for the majority of our requirements. There remains approximately $20 million of construction requirements of which $8.1 million are included in the fiscal year 1981 budget.

DEPENDENTS ABROAD

The Senate Appropriations Committee Report 96-407 directs DOD to keep the committee fully informed regarding any changes in policy on dependents and the effect of those changes of construction requirements. It also directs the Department of Defense to submit with its fiscal 1981 budget materials a specific assessment of the impact of the 325,000 ceiling on future construction needs, as well as an assessment of the effect of any further limitations anticipated at this time.

The Department has opposed the establishment of an arbitrary ceiling on the number of dependents overseas. We have taken the position that dependents should be allowed to accompany their sponsors overseas to any areas where security and support facilities are adequate for their needs. We are especially concerned that such a ceiling will adversely impact on readiness, morale and retention.

During the past year we have extensively reviewed the dependents overseas issue with the Services as a result of congressional concern and have implemented a number of proposals designed to encourage our members to voluntarily opt for unaccompanied tours overseas. During this period the actual number of command sponsored military dependents has declined and as of 31 October 1979, the date of the most recent official count, the number of command sponsored military dependents overseas was below the 325,000 ceiling.

The statute establishing the 325,000 ceiling directed the Secretary of Defense to allocate the ceiling among the three Military Departments. Discussions with the Departments on this allocation have commenced. The actual ceiling will not go into effect until September 30, 1980 at which time the Service Secretaries are authorized to use their discretion in administering their individual allocations. A specific assessment of the impact of the ceiling on future construction needs must await, and will be dependent upon, a final decision on the ceiling apportionment. We do not envision any appreciable impact on construction needs inasmuch as the method of controlling the number of command sponsored dependents will primarily be the suspension of travel worldwide resulting only in a slight effect in any one particular area. The effect on the individuals concerned and the force in general, however, will be significant.

INCREMENTAL FUNDING

At this time there are no projects which are incrementally funded. The advisability of incremental funding has been addressed and we have identified two projects in the fiscal year 1981 program for incremental funding. The projects are a hospital at San Diego and the Defense Intelligence Building at Bolling AFB. Full authorizatiion has been requested in the fiscal year 1981 MILCON program for both projects with appropriations requested in both fiscal year 1981 and 1982. The initial funding will provide for site preparation and acquisition of long lead time items. Projects in future programs will be reviewed in accordance with Congressional guidance and appropriate projects will be selected for incremental funding.

DOD DEPENDENT SCHOOLS

The Senate Appropriations Committee, in Report Number 96–407, requested that the Department of Defense provide detailed information on the transfer of the Dependents School construction program to the Department of Education when the fiscal year 1981 budget request is sent to the Congress.

The Department of Education Organization Act, Public Law 96–88, which was signed by the President on October 17, 1979, included the transfer of DOD Dependents School from Department of Defense to the new Department of Education. Pertinent section of Public Law 96–88 are:

"Sec. 302 (a) Notwithstanding the provisions of section 601 of this Act, at such time not later than three years after the effective date of this Act, and in such manner, as the President may designate, there shall be transferred to the Secretary all functions of the Secretary of Defense and the Department of Defense (or any officer or component thereof) relating to the operation of overseas schools for dependents of the Department of Defense and all functions of the Secretary of Defense and of the Department of Defense (or any officer or component thereof) under the Defense Departments' Education Act of 1978. There shall be transferred to the Department the offices established by such Act. . . . (c) Not later than one year after the effective date of this Act, the Secretary, after consultation with the Secretary of Defense, shall transmit to the Congress a plan for effecting the transfer of functions under this section and administering those functions. In designing the plan, the Secretary shall also consult with representatives of organizations of parents of students enrolled in overseas dependents school sand representatives of professional employee organizations and administrators of such schools. The plan shall contain recommendations for increasing the participation of parents, teachers, students, school administrators, and members of the Armed Forces in the administration and operation of the schools transferred under this section."

The Honorable Shirley M. Hufstedler was confirmed by the Senate on November 30, 1979, and sworn in on December 6, 1979, to head the newly created U.S. Department of Education. To facilitate the orderly transition process, the Office of Management and Budget has been designated as Coordinator for the Program Implementation and Organization Group. Secretary Hufstedler has established task forces to deal with the transfer of functions to the major components of the Department of Education. One such task force is the Department of Defense (DOD) Overseas Dependent Schools Task Force. The function of this task force is to design an implementation plan for the establishment of an Office of Education for Overseas Dependents in the Department of Education and for the transfer to it of those functions now vested in the Department of Defense.

The major focus of the DOD Overseas Dependent Schools Task Force will be to prepare for the Congress the plan required by Section 302(c), Public Law 96–88. This plan will reflect the Department of Education Plan for effecting the transfer of administration functions from the DOD to the Department of Education. Work has already been initiated on developing the first draft of this task forces' work plan. This draft work plan is expected to be finalized in February 1980. The finalized work plan will outline major tasks which will be undertaken by this task force in preparing the Department of Education's Plan which is expected to be submitted to the Congress in October 1980.

Subject to approval of the plan by the Congress, the Department of Education will proceed with the phase in of the DOD Overseas Dependent Schools. This action is expected to be completed by October 1, 1981. As part of the plan to accomplish this goal, the Department of Education anticipates developing the Office of Education for Overseas Dependents fiscal year 1982 budget, including that for the design and construction of dependent schools overseas.

DEPENDENTS POLICY ABROAD

Report 96–626 of the committee of conference of the House and Senate appropriations committee directed the Department of Defense to establish consistent criteria and guidelines for all Services to use in determining the amount and types of facilities required to support specified numbers of dependents abroad. The Department of Defense Construction Criteria Manual (DOD 4270.1–M) contains appropriate criteria and is being utilized by all Services.

DISCUSSION OF MISSIONS

The collective mission oriented structure of Military Departments' fiscal year 1981 Military Construction Program is summarized in the following table.

	Amount (millions)	Percent
Strategic forces	$371	15
General purpose forces	826	33
Auxiliary forces	108	4
Airlift/Sealift forces	39	2
Mission support forces	113	5
Central support forces	660	26
Administrative and associated activities (planning and design, exigent minor construction, etc.)	382	15
Total	2,499	100

STRATEGIC FORCES

Significant Navy projects supporting this mission include $34.2 million for Trident submarine maintenance facilities and related community impact assistance. However, major Air Force support is provided by such items as $66.2 million for Air-Launch Cruise Missile (ALCM) facilities; $127.1 million for Space Shuttle (STS) facilities; and $17.1 million for M–X missile testing facilities.

GENERAL PURPOSE FORCES

Army support of this mission includes $220.0 million for European-based forces; $60.0 million for forces based in the Pacific and $170.0 million for Forces

Command units in the United States. Navy and Marine Corps support of General Purpose Forces includes $135.6 million for C–130 aircraft operations and maintenance facilities; pier improvements for aircraft carriers; engine test cells for F/A–18 aircraft; barracks space for 504 personnel and various projects to support operations in Iceland. Similarly, the Air Force program includes such major projects as $19.9 million for Ground-Launch Cruise Missile (GLCM)-related facilities. Also included are facilities in the Pacific for the beddown of AWACS and F–16 aircraft, aircraft shelter modifications and jet fuel storage facilities.

AUXILIARY FORCES

The Army program, in part, includes $8.5 million for Intelligence and Communications-related facilities; $5.8 million for the National Missile Range, Kwajalein; and $8.7 million for various Research and Development facilities. Navy support of this mission includes a consolidated facility for engineering support for new weapons systems integration on attack and fighter aircraft, and a weapon system project for nondestructive laboratory testing. Air Force has included $4.8 million for Defense Satellite Communications System ground terminals and $2.2 million for ready alert crew facilities in support of the National Emergency Airborne Command Post at Andrews AFB. In addition, Air Force Research and Development support includes $10.5 million for an Integration Facility for Avionics System Testing and $3.0 million for restoration of a High Speed Test Track.

AIRLIFT/SEALIFT FORCES

Army support of Sealift Forces consists of various facilities for the Military Traffic Management Command whereas the Air Force program includes $6.7 million for a Hydrant Refueling System and $4.5 million for an Assault Landing Strip and two Data Processing Facilities.

MISSION SUPPORT FORCES

Navy support of this mission centers on a land lease action involving 18,000 acres in the Mariana Islands; two shore intermediate ship maintenance facilities; and the first increment of a dredging project at Diego Garcia in the Indian Ocean.

CENTRAL SUPPORT FORCES

Army supply and maintenance projects supporting this mission include $35.0 million for Industrial Preparedness; $13.8 million for munitions facilities; $14.6 million for Depot Maintenance facilities; and $28.3 million for various Material Development and Readiness Command (DARCOM) projects. In addition, Army has included $70.3 million for general skill training and other training related facilities; and $112 million for two major hospital facilities. Navy support includes $111.3 million for supply and maintenance facilities, and $48.0 million for medical facilities. Major Air Force support in this area includes, in part, $45.8 million for seven medical facilities and $6.8 million for three heating plant facilities.

ADDENDUM No. 2 RESPONSES TO ISSUES RAISED IN ARMED SERVICES COMMITTEE REPORTS

HOUSE ARMED SERVICES COMMITTEE REPORT 96–149

SENATE ARMED SERVICES COMMITTEE REPORT 96–209

CONFERENCE ARMED SERVICES COMMITTEE REPORT 96–595

Reserve Forces Construction.—In report 96–149, the House Armed Services Committee expressed a belief that the backlog of construction requirements for the Reserve forces is not being properly or adequately addressed under the present construction program. The report further suggests that policy changes recommended by the Defense Audit Agency might be useful.

The Department of Defense agrees that the fiscal year 80 request for the Guard and Reserve was extremely austere. As a result of that austere budget, many facility requirements remain unsatisfied and the backlog of construction requirements has grown. However, the concern over this growth is tempered when consideration is given to the fact that inflation has accounted for nearly all of the previous growth reported. For example, Report 96–149 indicates concern over the growth of the backlog from $1.8 to $2.1 billion during the previous five years. Inflation alone would have increased the $1.8 billion figure to $2.7 billion.

Real growth has occurred as a result of the austere fiscal year 1980 program, but the current fiscal year 1981 request which is near the typical 1972–1979 level will halt further real growth in the backlog.

The recommendations of the Defense Audit Service have been reviewed and many have been adopted. Those adopted include expanding the reporting requirements of State Reserve Forces Facilities Boards, a reduction in aircraft parking aprons, and a review of lease agreements between the States and the National Guard Bureau.

Zero Design Status.—This year the status of design of most projects is well advanced. Only a few projects were not well into design as of January 1, 1980. However, we do have in the program some projects which were not under design as of that date. The following projects were not under designs as of January 1, 1980.

Navy—None.

Army—Upgrade fire station, Heidelberg, Germany—Criteria problems delayed the start of this design, however, design started on January 21 and is scheduled to be complete on October 1, 1980.

Regional Sewer System, Fort Stewart, Ga. A funding shortfall delayed the Army fair share contribution to the City of Hinesville, however design started on December 31, 1979.

Building Modification at Fort Douglas, Utah. This was a late addition to the prorgam. Design is scheduled to begin April 7, 1980 with concept design complete by the end of May. No problem is anticipated in completing design in ample time to permit award during the budget year.

Air Force—Buckley ANG Base, Colo., Upgrade Backup Power System. This project was identified late as an urgent requirement to support classified operations. Design is scheduled to be underway in February 1980 and complete by June 1980.

Cape Canaveral AFS, STS—Spacecraft Integration Facility. This facility was identified late in the program cycle as the most cost effective means of integrating spacecraft to support DOD mission operations with the space shuttle. Design is scheduled to start in February 1980 and be complete by Novembr of 1980.

Loring AFB, Maine, Communications Facility, Weapons Storage and Alert Security Facility, Energy Conservation Investment program and Heating Plant Emissions Control.

Design of these projects was not begun earlier because of the late decision to retain Loring as an active base. It is anticipated that all projects can be fully designed by March of 1981 with construction scheduled to be underway on all projects by June 1981.

Various locations, Ground Launch Cruise Missile Training Facilities. These facilities were not placed under design earlier since sites had not been identified. Design is scheduled to start in April 1980 and be complete in November 1980 with construction starting in March of 1981, well within the program year.

Various locations—special operations facilities. These highly clasified facilities were not placed under design earlier because complete agreement with the country involved had not been accomplished. It is anticipated that all problems will be be resolved and that the facilities will be awarded during the program year.

Air National Guard—Design of facilities to support the movement of ANG missions from Ontario International Airport to March AFB was not begun earlier because it was necessary to reach agreement with the Los Angeles Airport authorities on exchange of lands. Agreements have been consummated and preliminary actions to design are underway. Design is scheduled to start in May 1980 and be complete in May 1981 with construction starting August 1981.

Air Force Reserve—There are four projects at Bergstrom AFB, Texas, and one project at Peterson Field, Colorado, which have zero percent design status as of 1 Jan. 80. These projects were late starters in the fiscal year 81 MCP since the project requirements did not evolve until Program/Budget Exercise 81–B2 which was conducted in September 1979. Complete project data, including design criteria, is expected in early 1980. Design should begin in March 1980 and be complete by September 80. This will allow early fiscal year 81 construction execution of these projects to meet the required operational capability dates.

Defense Mapping Agency—Facilities modification, Hydrographic/Topographic Center, Md. Design of this project was not started earlier because the requirement was identified late as essential to new missions. Design is anticipated to begin in March 1980 and be completed in 120 days. Therefore the facility will be ready to advertise at the beginning of the fiscal year.

Construction In Europe.—The Senate Armed Services, in their Report Number 96-209 was concerned with the reprogramming required to insure U.S. participation in NATO Infrastructure program in fiscal year 1979. It requested that the Department of Defense investigate a "better way of doing business" by reviewing current procedures in the infrastructure programming process. The Committee was also concerned that the Congress should authorize some ceiling on obligations which the U.S. can incur, rather than being in the position of authorizing funds for payment when due.

On November 30, 1979, the Secretary of Defense approved a comprehensive plan for improving the construction effort in Europe. This plan addresses all aspects of construction in Europe, both Infrastructure and Military Construction funded, from planning and programming, through design and execution. All factors which influence construction are to be analyzed to determine more efficient means of attaining facility support when operation requirements dictate. A steering committee and working group have been established to implement the plan.

The Congress currently does authorize a ceiling on obligations which the U.S. can incur on the Infrastructure program each year when the Authorization and Appropriations Bills are enacted. Obligations cannot exceed the amount stipulated in the Authorization Act. For fiscal year 1980, $185 million was authorized and $150 million appropriated; the difference, $35 million, will be made available through recoupment of prior prefinanced projects.

Construction Backlog.—In Report 96-209, the Senate Armed Services Committee expressed its concern with the growing backlog of construction. The report noted that recent levels of funding for military construction have not been enough to keep up with inflation and that DoD has understandably deferred capital investment in times of tight budgets. The report cited several projects which were deferred and as a result increased operating costs are being incurred and the health and safety of personnel are being threatened. The SASC encouraged the DoD to examine its procedures regarding "how much is enough" and attempt to develop a rational systematic approach to sizing the annual military construction request.

The Department of Defense concurs that recent military construction funding levels have not kept pace with inflation and it has been necessary to reduce funding for replacement and modernization programs due to constraints imposed on Federal expenditures for capital improvements. In reviewing total facility deficiencies, it is estimated that a funding level of approximately $6.2 billion in each year of the Five-Year Defense Program would produce a reversal in the growth of facility deficiencies.

While this goal was not achieved for fiscal year 1981, the fiscal year 1981 program is 42 percent greater than our request for fiscal year 1980. We believe that this increase for military construction reflects the concern of the executive department on the consequences of continued shortfalls.

Following is the status of the projects recommended by the SASC for inclusion in the fiscal year 1981 construction budget:

Installation	Project	Amount (thousands)	Status
NS Norfolk, Va	Pier	$33,000	Included in Navy fiscal year 1982 Milcon program for $37,000,000.
Pease AB, N.H.	Replace heating lines	4,900	Included in Air Force fiscal year 1982 Milcon program at $4,900,000.
Portsmouth NSY, Maine	Machine tool shop		Included in Navy fiscal year 1982 Milcon program for $11,700,000.
NRMA Annapolis, Md	Upgrade medical facility	3,700	Cadet dispensary is programed for fiscal year 1982.

Mass transit System.—In an effort to reduce energy consumption and air pollution, the Senate Armed Services Committee encourages the use of mass transit on military installations. The resulting legislation was incorporated as Section 807 of the Military Construction Authorization Act, 1980. This legislation expands DoD's authority to provide reimburseable transportation on military installations since it permits transportation between duty and nonduty locations, such as exchanges, clubs, and family housing. Section 807 also expands the authority of DoD to establish eligibility to utilize DoD mass transit in that reduction of energy consumption and/or pollution can be the justification for mass transit on bases in lieu of a purely defense-related requirement.

We are currently developing a proposed implementation which will be circulated for comment by the military departments along with a series of questions designed to yield data on which we can report to the Committees the effectiveness of Section 807 in achieving its stated goals. We anticipate issuing the implementation and beginning to collect data needed for evaluation of the program very soon.

Funding of Community Facilities.—In Report 96-149, The House Armed Services Committee noted the different approaches by the Services in providing for child care centers. The report stated that the committee feels strongly that a clear-cut policy should be developed by the Defense Department as to whether the upgrading of the three Military Departments child care center programs should be financed with military construction funds or nonappropriated funds. The report indicated that this policy decision should be made prior to the submission of the fiscal year 1981 military construction program to Congress. Similarly, in Report 96-209, the Senate Armed Services Committee, noted the inconsistency, and deferred the Army's two child care centers. The SASC report noted its past position of funding facilities that are revenue producers (Officer and enlisted clubs, commissaries, exchanges, automobile hobby shops) should be built with nonappropriated funds and that it was the committees' impression that child care centers fall into this category of facilities. As a result of the Armed Services Committees action, the two Army child care centers were not authorized. Also in Report 96-209, the gymnasium at Castle AFB was deferred because the SASC felt the Air Force should investigate the possibility of using funds for this type of facility to be consistent with procedures used by the other services. In conference, it was agreed that appropriated funds should be provided for the Castle AFB gymnasium. In Conference Report 96-595, the conferees noted that facilities such as child care centers, gymnasiums, and automobile hobby shops are built with both appropriated and nonappropriated funds. The conferees stated that those facilities (1) which do not directly support a military mission or provide a required amenity for the service person and/or (2) which are revenue-producing facilities, should not be constructed with taxpayers' money. The conferees expect the Defense Department to have established a consistent programming policy for this class of facilities in their Fiscal Year 1981 budget request and such policy will be examined during hearings on next year's bill.

A letter which addresses the concomitant responsibilities of the Federal Government to provide basic community facilities necessary to meet military requirements and those of our Service personnel to fund other recreational facilities through nonappropriated fund sources was sent to the appropriate Committee Chairmen on February 16, 1980. With regard specifically to child care facilities, it is the position of this Department that they be provided by the Federal Government to meet essential military community needs.

Dependent Schools.—The Armed Services Conference Committee Report Number 96-595 acknowledged that a new Department of Education has been established and that a three year transition period could be required to transfer responsibilities to the new Department. The conferees however, served notice that unless it can be fully justified that more than a one year transition period is necessary, authorization of school construction projects will not be considered for inclusion in future military construction authorization programs.

The Secretary of Education has established task forces to deal with the transfer of functions to the Department of Education, one of which is the Department of Defense (DoD) Overseas Dependent Schools Task Force. The major focus of this task force is to develop a plan for effecting the transfer of functions from the DoD to the Department of Education. The draft work plan is expected to be completed in February 1980 and will be incorporated into the overall Department of Education implementation plan which is expected to be transmitted to the Congress in October 1980.

Subject to approval of the plan by the Congress, the Department of Education will proceed with the phase in of the DoD Overseas Dependent Schools. This action is expected to be completed by October 1981. As part of the plan to accomplish this goal, the new Department anticipates developing the Office of Education for Overseas Dependents FY 1982 budget, including that for design and construction of dependent school overseas.

PREPARED STATEMENT OF PERRY J. FLIAKAS, DEPUTY ASSISTANT SECRETARY OF DEFENSE (INSTALLATIONS AND HOUSING)

DEFENSE AGENCIES MILITARY CONSTRUCTION PROGRAM

Mr. Chairmen and Members of the Committees: It is a pleasure to appear before your Committees today to present the fiscal year 1981 Defense Agencies Military Construction Program. The total fiscal year 1981 authorization request is $293,860,000. This compares with $160,330,000 for comparable programs (excluding NATO Infrastructure) enacted for fiscal year 1980, an increase of $133,530,000. The prime reasons for the larger program this year are the request for $106.2 million for the Defense Intelligence Analysis Center and increases in the programs under the Office of the Secretary of Defense. The total fiscal year 1981 appropriation request is $235.7 million. The appropriation request differs from the authorization request in that full authorization of the Defense Analysis Center is being requested while appropriation is requested for only that portion of the work expected to be accomplished in fiscal year 1981. Additionally appropriation is requested for two dependents school projects that were previously authorized but not funded.

I would now like to mention briefly each of the components that comprise this year's request.

Defense Intelligence Agency:

Authorization	$106, 000, 000
Appropriation	32, 700, 000

The request will provide full authorization and the first phase of funding for a new Analysis Center for the Defense Intelligence Agency at Bolling Air Force Base, Washington, D.C. The second phase costing $73.5 million will be included in the Fiscal Year 1982 appropriations request.

Defense Logistics Agency:

Authorization	$11, 360, 000
Appropriation	11, 360, 000

The $11.4 million will provide for 11 construction projects to acquire and improve storage facilities for the Defense Logistics Agency.

Defense Mapping Agency:

Authorization	$1, 500, 000
Appropriation	1, 500, 000

The Defense Mapping Agency is requesting $1.5 million for building alterations at their Hydrographic/Topographic Center in Brookmont, Maryland.

National Security Agency:

Authorization	$8, 439, 000
Appropriation	8, 439, 000

The $8.4 million requested by the National Security Agency will provide for a building addition at the headquarters, Fort George G. Meade, Maryland, and two projects at classified locations outside the United States.

Office of the Secretary of Defense:

Authorization	$131, 861, 000
Appropriation	133 201, 000

Included under the Office of the Secretary of Defense request, are two projects for classified activities for $20 million, an alteration project at the Defense Systems Management College at Fort Belvoir, Virginia, for $0.5 million and $64.4 million for the European Command Static War Headquarters Building at a classified location. Also being requested is $47 million in authorization for 12 projects and $48.4 million in funding for 14 projects for the Office of Dependents

Schools outside of the United States. Two projects, elementary schools at Ludwigsburg and Bad Hersfeld, Germany were authorized but not funded in Fiscal Year 1980.

Contingency Fund:

Authorization	$30, 000, 000
Appropriation	30, 000, 000

The Department of Defense is requesting $30 million for emergency construction authorization and funding for the Secretary of Defense to provide for construction deemed vital to the security of the United States.

Unspecified Location, Minor Construction:

Authorization	$4, 500, 000
Appropriation	4, 500, 000

The $4.5 million will satisfy exigent project requirements costing $500,000 or less, which currently cannot be identified, but based on historical data, will develop and will be required prior to the availability of subsequent year construction funds.

Planning and Design:

Authorization	$0
Appropriation	14, 000, 000

This portion of the budget request includes $14 million for planinng and design.

Mr. Chairmen, I appreciate the opportunity to present the Fiscal Year 1981 Defence Agencies Military Construction Program to your Committees. If you or members of the Committees have questions regarding this program. I will be pleased to discuss them at this time.

PREPARED STATEMENT OF PERRY J. FLIAKAS, DEPUTY ASSISTANT SECRETARY OF DEFENSE (INSTALLATIONS AND HOUSING)

CONSTRUCTION IN EUROPE AND NATO INFRASTRUCTURE

Mr. Chairmen and Members of the Committees: I am pleased to appear before your Committees to present the fiscal year 1981 Department of Defense request for construction in Europe. Included in the request is $764.7 million, of which $300 million is for the United States' share of the NATO Infrastructure Program. The total is $329 million more than requested in fiscal year 1980 and includes an increase of $115 million over that authorized and $150 million more than that appropriated for the U.S. share of the NATO Infrastructure Program. By major construction categories, the Program is composed as follows:

[In thousands of dollars]

Construction category	Army	Navy	Air Force	Defense agencies	NATO infrastructure	Tota
Operational/training facilities	24, 620	27, 460	32, 247	64, 400		148, 727
Maintenance facilities	106, 820		720			107, 540
Supply facilities	22, 670			1, 350		24, 020
Medical/administrative facilities	23, 700					23, 700
Housing/community facilities	85, 050	9, 200	6, 700	16, 846		117, 796
Utilities/energy conservation/pollution abatement	13, 970	20, 000	8, 900			42, 870
Various					300, 000	300, 000
Total	276, 830	56, 660	48, 567	82, 596	300, 000	764, 653

Similar to last year, I have elected to address the Department of Defense military construction needs in Europe as a separate statement for three important reasons. First, these Committees as well as the other Congressional committees dealing with construction have indicated a great deal of interest in this portion of our program, and methods of financing. The amount requested for construction in Europe is nearly 25 percent of our total fiscal year 1981 request for construction funds. Second, the interrelationship of this program with the NATO Common Infrastructure program is complex and sometimes difficult to understand without a clear explanation of their interaction. Finally, construction in

Europe is essential, if we and NATO are to gain the full benefits of the defense and deterrence which our programmed levels of forces and equipment and our readiness initiatives should provide. This matter has the personal attention of the Secretary of Defense who has directed a comprehensive analysis of the entire construction effort in Europe considering political, military and economic factors to assure that the construction programs presented for Congressional approval solidly support these objectives.

I have spoken to the linkage between the U.S. military construction programs and those of NATO within the NATO Infrastructure program. As these Committees well understand, Mr. Chairmen, the requirement for facilities derives from operational decisions affecting troops, weapon systems, and equipment. For example, the decision to preposition division equipment in Europe in support of rapid reinforcement has triggered a considerable requirement for storage and maintenance facilities and will result in a significant outlay of funds through the NATO common Infrastructure program. The decision to deploy the ground-launched cruise missile as part of theatre nuclear force modernization in Europe gives rise to a broad range of facilities requirements, some of which we plan to fund through NATO Infrastructure and others, like barracks and community facilities, which we accept as a national responsibility through the Military Construction Program.

Failure to recognize this close linkage between forces and facilities in our planning and budgeting process can mean costly delays and program adjustments. More important, it degrades military readiness. We know that there is a need for improvement in our own DoD procedures and we are tackling the problem. On November 30, 1979, the Secretary of Defense approved a comprehensive program for improving the planning, programming and execution of construction in Europe. The plan envisions a coordinated systematic review of existing Department of Defense and NATO procedures to streamline the programming and execution process in order to improve our ability to meet the facility needs of the major NATO Commanders. The plan includes a better and closer coordination and earlier identification of facility requirements as they interface with new weapon system developments. It also assures that the Secretary of Defense's priorities are reflected in the development of these requirements after due consideration to CINCEUR and CINCLANT imputs. I am also aware that we must be convincing in explaining this essential linkage to the responsible committees of Congress. We seek your assistance and advice when we come forward with our proposals for the construction needed to support deployments of systems, equipment or forces which are included in other elements of the Defense Budget.

Having made this appeal, let me reiterate that DoD has a responsibility to all of the Committees to which we report, to inform them as fully and explicitly as possible on our plans for force development and the impact those plans may have on the various sections of the DoD budget. The Secretary of Defense, in his annual report to the Congress, has stressed the importance of this segment of the Defense Program/Budget.

At this juncture, I would like to say we recognize and endorse the concerns of Congress and especially these Committees, that to the maximum extent feasible our construction needs in Europe which are in support of NATO wartime operations be met through Infrastructure funding. To this end, I point out, that this year's request for NATO Infrastructure is $300 million, or two times that requested in fiscal year 1980. This is in keeping with the direction of the Congress to expand this program to include more of the U.S. requirements for our forces in Europe. In effect, since the Congressional guidance expressed in the fiscal year 1979 hearings on military construction in Europe, we have been focusing a great deal of attention on the need to qualify more of our requirements for common funding under the NATO program. Much has already been accomplished and the remainder is under consideration in various NATO forms.

Some of the actions which have occurred during the past year in the NATO arena should be briefly mentioned.

First, the U.S. support for a larger NATO Infrastructure program was partially met by an Alliance agreement on a five-year ceiling of 1 billion IAU or about $4.7 billion, limited by the concern of some allies that the program could not be implemented at a faster rate. Very importantly, however, the member nations also agreed to front-end loading at a rate we considered adequate and which, if we collectively succeed in raising the implementation rate, will permit reconsideration of the ceiling after the first three years. The U.S. mission in Brussels is actively participating in the joint efforts to improve the rate of implementation, and I personally have recently traveled to Europe and discussed the problem with the U.S. mission to NATO and the U.S. Military Headquarters as well as the Minister of Defense for the Federal Republic of Germany. We expect to cooperate closely with the key Ministers of Defense (MODs) in this matter.

Second, the NATO agreed programming rate has resulted in a recently approved first slice for 1980 (Slice XXXI) of $1.4 billion, and present indications are for a Slice XXXII/1981 program slightly higher. Over $200 million of the 1980 amount is for such facilities as the equipment storage in Luxembourg, and the POMCUS storage in Germany called for by NATO's Long-Term Defense Program (LTDP), and which were not yet eligible for NATO funding at this time last year. As the LTDP develops, we expect succeeding slices to contain more facilities for the storage of U.S. war reserve material. We are now generating additional requirements such as PATRIOT, Pershing II and ground-launched cruise missiles, and under the current funding program there is great competition for fund priorities. It is urgent, therefore, to complete negotiations on the increased funding during the period 1980–1984. We hope to have indications of success by next year.

Third, and very important, I know, to these Committees, the Slice XXX/1980 program contains over $100 million for reimbursement of U.S. prefinanced projects. Some $50 million of that is for the first POMCUS facilities, funds for the prefinancing of which were contained in the Army's FY 1979 appropriation but little of which will be expended since NATO funding approval will be achieved before expenditure is required. We will, therefore, be able to cancel the prefinancing action and reprogram the U.S. funds. In addition, $100 million were included in an approved NATO program in the fall of 1978 for prefinanced projects. Thus, within 18 months we have achieved the NATO programming of $200 million for U.S. recoupment. We intend to secure the programming of the last $200 million of our outstanding prefinancing as quickly as possible. However, the final $100 million for shelters and post M-Day aircraft, while eligible for NATO funding, is not considered of sufficiently high NATO priority to compete for the currently scarce resources and must await an increase in the program ceiling. We believe our success in securing NATO programming and the recoupment of prefinanced projects gives us the credibility with you to allow establishment of a rolling program for prefinancing of NATO works which cannot otherwise be provided with sufficient speed to meet the U.S. requirements. As I indicated last year, we intend to limit this practice to very selected and high priority projects—most of which are related to operational commitment dates. In the military construction portion of the fiscal year 1981 request, there is a single requirement for prefinancing of a project that is eligible for NATO Infrastructure funding. $19.9 million is included for urgently required facilities for the ground-launched cruise missile, to meet the established initial operational capability date. The prefinanced amount represents only 4 percent of the total U.S. military Construction request for Europe.

Finally, we are continuing to benefit from almost half of the funds expended by NATO for projects in support of individual nations while contributing only about 27 percent of the cost of the program. We believe, therefore, that it is evident we have made significant progress and the program warrants your continued support.

Now I would like to address the content of the fiscal year 1981 Military Construction Program in Europe generally, and speak specifically to some large projects or classes of facilities contained in the program. The specifics of justification for such projects will be addressed in more detail by each Military Department representative when they present their individual programs.

In Germany, where the largest construction effort is centered, the program provides for construction totaling $288 million. Again this year, a substantial amount of construction required would go to improve and modernize living and working facilities for troop units. I have visited many of our overseas installations, including some of the remote sites, and I commend to you to do likewise. We must recognize the deplorable living and working conditions which we are asking our military members to endure and do something to alleviate them. Some $85 million of the Army's request is devoted to improvement of barracks, medical and community facilities. Other major elements of the Army's request are directed toward modernizing operational and maintenance facilities for tactical equipment, provision for simulator training facilities, and for facilities required to permit uploading combat vehicles with ammunition.

For the Air Force in Europe the total of construction requested is $49 million. This represents a marked reduction from previous years' requests. The reason for this reduction is the determination to concentrate financing of the remaining substantial aircraft shelter program, as well as other operational facilities within the NATO Infrastructure Program. The major categories of the Air Force request for U.S. military construction in fiscal year 1981 are operational facilities including the ground-launched cruise missile, mentioned earlier, personnel support facilities at essential operations centers located on key installations, and utilities upgrade.

The Navy's program for the European area is $57 million. This is composed primarily of $53 million for Iceland, for Phase II of the Geothermal Heating Project and the U.S. share of a Dual Purpose Terminal.

Additionally, to support the children of dependent families stationed with forces in Europe, the DoD Dependent Schools has programmed $17 million. Another vital project is the European Command Static War Headquarters Building which will be needed to manage, monitor and control U.S. wartime operations, for $64.4 million.

In summary, Mr. Chairman, this is a highly synopsized description of the Department of Defense fiscal year 1981 program for construction in support of U.S. forces in Europe. I have attempted to address the concerns of these Committees as voiced during last year's hearings, and I hope that you have found my response to be candid and forthcoming.

As stated at the outset, we have carefully examined total construction needs in Europe to determine which are in the U.S. interest to finance within Infrastructure, and we are taking positive steps to provide them through that procedure. We have affirmed that there are some facility needs which are essential, but which cannot or should not be financed within Infrastructure. In those cases, some of which are included in this year's program, the DoD requests appropriations as a U.S. responsibility.

This concludes my remarks on this very important portion of our fiscal year 1981 Military Construction request. I thank you for your consideration and attention.

PREPARED STATEMENT OF PERRY J. FLIAKAS, DEPUTY ASSISTANT SECRETARY OF DEFENSE (INSTALLATIONS AND HOUSING)

MILITARY FAMILY HOUSING PROGRAM

Mr. Chairman and Members of the Committees: I am pleased to appear before these Committees to present the Department of Defense Military Family Housing Program for fiscal year 1981.

Family Housing is a major influence on the morale and performance of our married service members. Accordingly, we believe adequate living conditions for families will enhance the effectiveness of our military forces. Based on this premise, it is the objective of the Department of Defense, to assure that married members of the military services have suitable housing in which to shelter their families.

The Department of Defense relies on suitable private housing for military families to the extent it is available in communities near military installations. Where remaining requirements cannot be accommodated by a combination of additional community construction and on-base housing assets, we request Congressional support in addressing the deficiencies which exist. In this context, the fiscal year 1981 program has been developed to meet the critical housing needs through construction of new housing units, leasing of private community housing, and improving and maintaining our large inventory of existing on-base housing assets in a manner which will efficiently and effectively use the resources requested.

The request for authorization for appropriation for military family housing for fiscal year 1981 amounts to $2,098,456,000. The total program we are presenting, and improving and maintaining our large inventory of existing on-base ticipated reimbursements. This request compares with $1,623,122,000 for Fiscal Year 1980, an increase of $475.3 million primarily for new construction, improvements to existing housing, and operation and maintenance.

A comparison of this year's proposed authorization for appropriation for military family housing with pertinent element breakouts for the previous two years is shown below. The trend in the pattern of housing construction reflects the renewal of these programs for areas requiring new units to accommodate families where present and planned community support is unavailable and where it is necessary to modernize existing on-base housing. The patterns also reflect the need to continue the maintenance of our sizeable inventory in acceptable condition, and the cost increases we are experiencing in the operational areas.

FAMILY HOUSING DEFENSE SUMMARY OF SELECTED PROGRAM AMOUNTS

[In thousands of dollars]

	Actual fiscal year 1979	Estimated fiscal year 1980	Requested fiscal year 1981
New construction	85, 863	0	158, 891
Number of units	1, 712	(0)	(2, 651)
Improvements	43, 622	1, 000	108, 840
Design and advance planning	2, 890	0	8, 369
Leasing	78, 947	86, 665	188, 244
Average occupied leases	(15, 697)	(18, 048)	(21, 197)
Debt payment	155, 580	154, 835	153, 646
Operation and maintenance	1, 326, 747	1, 396, 022	1, 567, 756
Operation	(621, 169)	(678, 895)	(791, 955)
Maintenance	(705 578)	(717, 127)	(775, 801)
Less: Resources applied	−13, 784	−16, 400	−17, 300
Total family housing	1, 679, 865	1, 622, 122	2, 098, 456
Homeowners assistance	1, 500	1, 000	0
Grand total	1, 681, 365	1, 623, 122	2, 098, 456

In fiscal year 1981, the Department of Defense request for construction of new family units will continue our efforts to reduce the buildable programmable deficit at installations experiencing buildups, and in areas with excessive housing costs. With the support of this committee, significant progress has been made in reducing the deficit. The need for additional on-base military construction, however, recognizes that housing starts in the private sector do not meet the low and moderate income needs of this country.

Now I will discuss briefly some of the aspects of the family housing program which I believe are of particular interest and significance.

CONSTRUCTION

The family housing authorization request contains a new construction program of 2,651 units at 12 locations for a total of $158,891,000. This program, which contains 2,296 units for CONUS installations, 350 units overseas, and 5 units at a classified location, will accommodate the most urgent needs for new construction. The CONUS portion of the program will provide 994 units to relieve housing deficiencies where communities are too small to provide sufficient housing support and 1,302 units to assist families assigned to installations in high cost urban areas. These units are almost entirely in support of the junior enlisted families, with only 1 percent of the CONUS program supporting junior officer and senior enlisted families. The overseas portion will accommodate families unsuitably housed at Lajes Field, Azores, and Incirlik Air Base, Turkey. Families assigned to these remote foreign locations are experiencing hardships resulting from structurally inadequate and marginally habitable private community housing. Additionally, families at Incirlik are occupying badly deteriorated, inadequate government owned trailers. As a general highlight, the new construction request also includes a project for a defense housing complex in the South Bay region of San Francisco in line with our policy to maximize ues of resources where it is feasible to centralize administration in behalf of two or more military services.

We are also proposing a separate line item authorization for construction design and advanced planning. This action will improve the budget estimate by accelerating efforts to achieve an advanced design completion status before budget submission, and place family housing on a parallel with military construction.

The fiscal year 1981 improvements program of $108,840,000 includes $46,969,000 for energy conservation projects. These programs are essential for modernization of the existing inventory and improved energy efficiency in our family housing units. Examples of our proposed effort are projects to install automatic ignition devices on gas fired furances and night set-back thermostats. Additionally, as a result of a successful test program, we are expanding an essentially new effort by the installation of central control switches on air conditioning units. As an overview, the projects in the FY 1981 energy conservation program are self-amortizing, with an average pay back of less than six years.

DOMESTIC AND FOREIGN LEASING PROGRAMS

The Domestic and Foreign Leasing Programs, under specific criteria and cost limitations, authorizes the leasing of housing in the civilian community for assignment to military personnel as public quarters. These are important supplements to our balanced effort to assure adequate housing for military servicemen and their families in the community and on-base.

In developing the fiscal year 1981 program, we reviewed family housing leasing with the intent to structure this element in a manner which would retain effective statutory control, minimize the administrative workload, and provide maximum flexibility within the current program criteria.

Our experience indicates the requirement for maintaining an average for a constantly changing program, requires continual, almost daily evaluation of data on lease cancellations, executions, and costs. Considering the thousands of lease agreements DoD-wide, this is an extremely large administrative and accounting workload that hinders the function of providing adequate housing in a timely manner to meet valid requirements of our military families. We believe that statutory limitations on the total number of leases and a maximum cost per unit are sufficient to maintain effective control over the leasing program. Accordingly, we are proposing for the domestic and foreign programs in fiscal year 1981, that the statutory average cost limitations be eliminated, an exception be permitted to the maximum cost limitation in the domestic program, and maximum cost limitations be increased consistent with escalating housing costs.

The current authorization of 10,000 units is sufficient to accommodate our domestic family housing leasing requirements for fiscal year 1981. To off-set the impact of housing cost escalation on the program, we are proposing a domestic leasing program maximum cost limitation of $515 per unit per month. This is commensurate with the increase in the "rent" portion of the consumer price index of approximately 8 percent. Although this increase will accommodate the majority of the domestic leasing requirements, the extreme housing costs in certain urban areas, which exceed even the proposed maximum cost limitaion, would still restrict the program in CONUS. Accordingly, to improve the flexibility of the program, and lessen the administrative burden, we are proposing that the Secretary of Defense be authorized to lease not more than 500 units with a maximum per unit cost not to exceed $600 per month.

Foreign leasing of family housing is authorized under the general authority of Section 2675 of Title 10 of the United States Code. We believe that in selected overseas locations, the leasing of existing housing and lease-construction agreements represent a viable alternative to new construction. The authorization for foreign lease units for the Department of Defense was reduced by Congress to 17,000 units in fiscal year 1980. Although an increase in the total number of foreign lease units is not being requested, the extreme housing costs in foreign areas will have an adverse impact on the execution of the program under the current maximum cost limitation. Accordingly, in fiscal year 1981 we are requesting an increase in the statutory maximum cost limitation based on an experienced escalation in rents of approximately 15 percent.

OPERATION AND MAINTENANCE

For fiscal year 1981 the Department of Defense is requesting $1,567,756,000 for the operation and maintenance of family housing. This request compares with $1,396,022,000 enacted by the Congress for fiscal year 1980, an increase of $171.8 million.

This year we are taking initiatives which will enhance our efforts to effectively manage the Department of Defense housing assets. As one such initiative to improve our ability to monitor and evaluate family housing operation and maintenance costs, we are proposing that the Housing Management Account bear all indirect family housing support costs commencing in fiscal year 1981. In previous years, many indirect support costs were funded in other appropriations. To accommodate this functional transfer, $71.1 million has been shifted from other accounts to Family Housing, Defense during formulation of the fiscal year 1981 budget. Thus, $71.1 million of the increase in Family Housing, Defense from fiscal year 1980 to fiscal year 1981 is offset by a corresponding decrease in the Defense budget requests for other accounts.

Although we are continuing to budget for anticipated cost escalation for operation and maintenance, we have also taken the initiative to increase effectiveness and efficiency in program management by absorbing approximately 1.7 percent of the projected 8.9 percent escalation rate for fiscal year 1981. The net increase in family housing attributed to cost escalation is $99.2 million, which is part of the overall increase from FY 1980 to fiscal year 1981.

SPECIAL LEGISLATIVE PROPOSALS

We have proposed changes this year to clarify occupant liability for damages to family housing. This legislation will allow us to accomplish reports of survey on damages, and charge the occupant for any loss if the member or member's dependent was at fault or negligent. We believe this action will properly identify responsibilities and improve financial management of the Family Housing Management Account.

METERING ENERGY CONSUMPTION IN FAMILY HOUSING

A feasibility test of metering energy consumption in family housing and charging for excess use, which included over 10,000 units at ten installations geographically dispersed, was concluded December 31, 1979. Metering and billing the occupants was proved feasible in general, though very costly. A small segment of the inventory proved to be uneconomical to meter, in some cases costing $15,000 or more per unit due to requirements for realigning the utility distribution system within the unit and/or the type of energy used, e.g., steam. Establishing a "norm" to be used in determining excess use proved much more difficult, and not reliable enough for the intended purpose.

Based upon these results of the test, it is the recommendation of the Department of Defense that the metering program and billing for excess use, as presently prescribed by Public Law, not be implemented. Alternatives to the approach originally directed by Congress are covered in the final report on the metering test which was provided to the committee earlier. We believe the best alternative is a continuing, aggressive consumer education program, coupled with increased emphasis on energy conservation investment projects.

CONCLUSION

In conclusion, I am most appreciative of this opportunity to appear today to present the Department of Defense Fiscal Year 1981 Military Family Housing Program. I have attempted to provide you with a broad outline of our continuing programs and new initiatives to achieve our objective of providing adequate housing to the members of our Armed Forces. Other specific items of interest to these committees are addressed in the addendum to this statement. We would like to express our appreciation for the continuing support of these Committees. My staff and I are available to answer your questions, and would be pleased to provide such additional information as you may request.

Thank you.

ADDENDUM NO. 3 MILITARY FAMILY HOUSING PROGRAM

MAINTENANCE AND REPAIR OF DWELLINGS

The Appropriations Committee has expressed its feelings over the years that maintenance must be done on family housing units in order to avoid future high replacement or modernization costs. However, the Committee stated last year that there is a need for a careful review to determine exactly how the maintenance and repair funds are programmed and supplemented. Accordingly, the Defense Audit Service is in the process of initiating a review of this area to identify the elements which contribute to average per unit maintenance cost. In the interim it should be noted that existing definitions and policies on the use of maintenance funds permit the accomplishment of work which the normal homeowner would consider a significant capital investment, and not routine maintenance; e.g., reroofing, new furnace/compressor, etc. In this regard, our maintenance costs cannot be equated to what the average homeowner thinks of as maintenance costs. Additional information is contained in the justification book provided the Committee in support of our fiscal year 1981 request.

COORDINATION OF FAMILY HOUSING BETWEEN SERVICES

The Appropriations Committee expressed its feelings that one area of the family housing program that should receive additional attention is the development of joint housing programs in locations that have more than one military installation.

Existing policy published by OSD directs the Services to consolidate/coordinate their efforts between and/or among installations within commuting distance of each other, or if commuting ranges overlap. The Services, in general, carry out this policy. Additionally, we are now in the process of identifying areas, and reviewing the feasibility of centralized management of family housing; a request for new construction in fiscal year 1981 is based on this premise, i.e., the Defense complex in South Bay San Francisco, California. Areas under review for consolidated management include Oahu and New York City. Areas where consolidations will be or have been effected include Niagara, New York; Hamilton AFB, San Francisco, California; and Okinawa. With Congress' support, we will continue to move forward on this issue.

SURPLUS FAMILY HOUSING UNITS

The Appropriations Committee expressed concern that sales through the General Services Administration (GSA) have slowed down in the past few years, and that additional priority should be given to the disposal of this property. Also, noting that proceeds from the sale of surplus family housing is applied toward the retirement of the debt on Capehart and Wherry housing and that the rate for Treasury borrowing is over 9 percent, the Committee indicated that DOD should instead consider applying the receipts from surplus property directly toward the annual family housing operations and maintenance budget or new housing construction.

Sales are handled as expeditiously as possible in light of DOD, GSA, and HUD actions to find the best use for surplus housing. Applying receipts from the sale of surplus housing directly to the family housing account requires legislative change.

INCIRLIK AIR BASE, TURKEY

Last year, the Appropriations Committee expressed the desire that the Department of Defense proceed expeditiously with the construction of adequate family housing in Turkey. The Committee directed the Department to proceed with the family housing begun before the Turkish embargo so that 35 year old trailers, which are a fire and safety hazard, can be replaced. The Committee urged the Department to explore the possible use of manufactured housing to fulfill the housing requirements and use additional available funds if necessary. However, because of increased costs overseas, re-authorization is required to complete the project. Accordingly, the fiscal year 1981 program provides for 200 units of family housing new construction at Incirlik in the amount of $11,723,000. The use of manufactured/relocatable housing will be evaluated for use in meeting this requirement if the authorization and funding is received for fiscal year 1981.

REIMBURSEMENTS FROM USERS OF GOVERNMENT OWNED MOBILE HOME FACILITIES

House Appropriations Committee Report 96-246 directed that a statement summarizing estimated reimbursements from users of government owned mobile home facilities be provided. This data follows:

ESTIMATED REIMBURSEMENTS

[Dollar amounts in thousands]

DOD component	Fiscal year 1980		Fiscal year 1981	
	Facility inventory	Collections	Facility inventory	Collections
Army	950	$450	950	$444
Navy/Marine Corps	1, 807	1, 236	1, 807	1, 289
Air Force	3, 362	3, 041	3, 362	3, 284
DLA	15	6	15	5
Total	6, 134	4, 733	6, 134	5, 022

In accordance with Federal financial management procedures and applicable statutes, the Family Housing Management Account is reimbursed for the costs of utilities and services provided to occupants of privately owned mobile homes on government owned pads. Collections for rents or for costs involved in repairing damage to government property from personal negligence are deposited in Treasury Miscellaneous Receipts Account 1830, "Rent of Real Property Not Otherwise Classified".

STATUS OF PRIOR YEAR CONSTRUCTION

House Appropriations Committee Report 96–246 included the following comment and request for information:

The Committee is disturbed to learn that the family housing construction unobligated balances include funds for projects dating back to 1963. The Committee feels this illustrates a lack of control over the housing construction program, and urges the Department to immediately begin closing out the accounts of projects that have been completed.

The Committee also directs the Department to submit a report to the Committee explaining why any completed family housing projects should not be closed out and the remaining balances redirected for other purposes.

The Committee is also concerned that there exists more than $100 million in unexpended family housing construction funds. The Committee directs the Department to prepare a statement explaining why the Department's unexpended balances are so high.

The Department of Defense fully agrees with the necessity of administering this program as efficiently as possible, and in fact applies special financial management procedures and controls to that end. The DoD Budget Guidance Manual and other issuances prescribe centralized control over project approvals and fund realignments. Twice yearly, the entire prior year program is formally reviewed at the OSD level, and all excess funds are returned to the Family Housing Management Account parent account for reapplication against valid requirements.

The Department also concurs with the desirability of closing out completed prior year projects as quickly as possible, and we have reemphasized our policies to that effect to the military departments. In certain cases, however, projects cannot be closed because they involve claims which have not been fully settled. Adjudication of such claims is often a lengthy process which we have no means of accelerating. Similarly, we are unable to close the books on any project until all accounting data pertaining to it, at various organizational levels, is fully reconciled. This is often a laborious and lengthy task, but must be fully completed in the interest of sound financial management and reliable recordkeeping. During the period between issuance of the HAC report and the latest fund review by OSD staff, a significant number of prior year projects were closed out, as shown in the following table:

STATUS OF FISCAL YEAR 1979 AND PRIOR YEAR FAMILY HOUSING CONSTRUCTION PROGRAMS

	Open projects		
	As of June 1978 [1]	As of December 1979	Projects closed during period
Fiscal year—			
1963–65	0	0	----------
1966	1	1	----------
1967	0	0	----------
1968	4	0	4
1969	3	1	2
1970	6	0	6
1971	10	1	9
1972	28	13	15
1973	32	19	13
1974	57	20	37
1975	55	21	34
1976/T	188	35	153
1977	116	32	84
1978	46	30	16
Total fiscal year 1978 and prior	546	173	373
Fiscal year 1979		99	----------

[1] Work in progress on fiscal records not closed.

As indicated above, the books cannot yet be closed on certain projects, including some that were authorized five years ago or more. In each case, special circumstances pertain. A listing of fiscal year 1975 and prior year projects, showing why they remained open as of December 1979, is provided below.

FISCAL YEAR 1975 AND PRIOR YEAR FAMILY HOUSING PROJECTS NOT CLOSED AS OF DECEMBER 1979

Fiscal year	Construction category and project location	Reason not closed
1966	NC, U.S. Military Academy	Claim pending before ASBCA.
1969	NC, Holloman AFB	Accounting records being reconciled.
1971	NC, Fort Leavenworth	Do.
1972	NC, Fort Drum	Work still in progress, and claim pending.
	NC, Hawaii (Army)	Work still in progress.
	NC, Fort Jackson	Accounting records being reconciled.
	NC, Naval Complex, Washington	Do.
	NC, Hawaii (Navy)	Claim pending.
	NC, NS Roosevelt Roads	Work still in progress.
	Improvements, U.S. Naval Academy	Accounting records being reconciled.
	NC, Andrews AFB	Work still in progress (2 contract defaults).
	NC, Ent/Peterson AFB	Claim pending.
	NC, Offutt AFB	Do.
	NC, Bolling AFB	Work still in progress.
	Minor construction	Accounting records being reconciled.
1973	NC, Fort Huachuca	Do.
	NC, Sierra AD	Work still in progress.
	NC, WRAMC	Claim pending.
	NC, Hawaii (Army)	Work still in progress.
	NC, Fort Riley	Claim pending.
	NC, Fort Bragg	Do.
	NC, Fort Hood	Work still in progress.
	Improvements, Fort Dix	Accounting records being reconciled.
	Improvements, Fort Bliss	Do.
	Minor construction	Do.
	NC, Bolling AFB (Navy)	Work still in progress.
	NC, Naval Complex New Orleans	Do.
	NC, Naval Complex Norfolk	Claim pending.
	NC, Naval Complex Guam	Accounting records being reconciled.
	NC, Bolling AFB (Air Force)	Work still in progress.
	NC, Hill AFB	Claim pending.
	NC, Langley AFB	Claim pending.
	NC, Lowry AFB	Work still in progress.
	NC, San Vito AB	Claim pending.
1974	NC, Fort Riley	Do.
	NC, Fort Hood	Work still in progress.
	NC, Fort Campbell	Do.
	NC, Fort Polk	Do.
	NC, Tobyhanna AD	Claim pending.
	NC, Fort Belvoir	Work still in progress (contract awarded April 1979).
	NC, Fort Bragg	Work still in progress.
	NC, Hawaii (Army)	Work still in progress and claim pending.
	Mobile home facilities	Accounting records being reconciled.

FISCAL YEAR 1975 AND PRIOR YEAR FAMILY HOUSING PROJECTS NOT CLOSED AS OF DECEMBER 1979—Continued

Fiscal year	Construction category and project location	Reason not closed
1975	Improvements, Fort Belvoir	Do.
	Improvements, Fort Bragg	Do.
	Improvements, Fort Sill	Work still in progress.
	Planning	Accounting records being reconciled.
	NC, Hawaii (Navy)	Work still in progress.
	NC, Naval Complex New Orleans	Do.
	NC, Naval Complex Mayport	Work still in progress and claim pending.
	Improvements, Naval Station Keflavik	Work still in progress.
	Improvements, MCSUPCEN Barstow	Claim pending.
	NC, Andersen AB	Accounting records being reconciled.
	NC, Grand Forks AFB	Claim pending.
	NC, Fort Stewart	Accounting records being reconciled.
	NC, Fort Riley	Do.
	NC, Fort Campbell	Do.
	NC, Canal Zone	Do.
	Improvements, Canal Zone	Do.
	Improvements, Fort Hood	Do.
	Minor construction	Do.
	Planning	Do.
	NC, Naval Complex Jacksonville	Claim pending.
	NC, Hawaii (Navy)	Work still in progress.
	NC, Naval Complex New Orleans	Do.
	NC, Naval Complex Charleston	Do.
	Improvements, NSA Brooklyn	Do.
	Improvements, PWC Guam	Do.
	NC, Clark AB	Work still in progress.
	NC, Pease AFB	Claim pending.
	Mobile home facilities	Accounting records being reconciled.
	Improvements, Clark AB	Work still in progress.
	Improvements, Holloman AFB	Do.
	Improvements, Keesler AFB	Do.
	Improvements, Ramstein AFB	Do.

Regarding unexpended funds in the construction program, the Department believes that solid progress is being made in program execution, as shown in the following data:

FAMILY HOUSING CONSTRUCTION FUNDS STATUS

[In millions of dollars]

DOD component	Appropriated 1980 and prior	Allocated as of Jan. 29, 1980	Transfer to FCF, C,D[1]	OSD reserve[2]
Army	967.1	948.5		
Navy	1,188.5	1,168.8		
Air Force	963.6	935.6		
Defense agencies	7.3	6.9		
Total	3,126.5	3,059.8	25.0	41.7

[1] Distribution by component to be determined.

[2] Further reserves are held in the services and will be identified and recouped at mid-year.

OSD RESERVE

[In millions of dollars]

DOD component	Projects programed but not approved	Reserve for claims and cost growth
Army	0	
Navy: Centreville Beach	1.9	
Air Force:		
Tinker	10.6	
Lajes relocation	1.6	
Defense agencies	0	
Total	14.1	27.6

In summary, neither the unexpended nor unobligated balances in the Family Housing Management Account are considered to be inordinately high, particularly since they have rapidly decreased from peaks following the intensive construction activity of the early and mid 1970's. Furthermore, we would call attention to the proposal for a separate advance planning and design account in this budget request. This would greatly enhance our ability to obligate funds during the first year of availability.

PROBLEMS WITH INDIVIDUAL DOMESTIC LEASES

The Appropriations Committee expressed its feeling concerning the practice of the Department of Defense not entering into full building lease agreements in the United States. The Committee requested the Department of Defense provide details of problems and costs associated with this approach.

Based on the experience of the Department of Defense in this program, there are no problems and no additional funds are required.

HOST NATION SUPPORT OF U.S. TROOPS

Last year the Appropriations Committee expressed the desire that the services should seek offset funding for future facilities in the Federal Republic of Germany and similar host nation funding for future increases in troop strengths abroad. Also, the Department of Defense was directed to begin immediate negotiations to eliminate the payments of taxes on family housing to other nations; $5.7 million in funding was denied in fiscal year 1980 for this purpose.

Host nation funding, or offsets, is continually sought after for facilities in foreign countries; by the Department of Defense. With regard to the payment of taxes on housing in other nations, the Committee's views have been called to the attention of the Chairman of the Inter-Agency Committee on Foreign Tax Relief. The Chairman, who is a State Department official, was requested to initiate appropriate action. This action has already been initiated with the United Kingdom and the Federal Republic of Germany.

Taxes for municipal services will continue to be paid in accordance with existing international agreements and understandings until such agreements are modified.

LEASE AGREEMENT WITH CIVILIANS USING FAMILY HOUSING

Last year the Appropriations Committee expressed its feelings that instructions released by the Department of Defense indicating that civilians living in military family housing must pay fair market rent is a good procedure. However, the Committee questioned whether the instructions are actually being implemented on the base level. The Committee directed the Department to submit a report on the status of implementing this policy.

Accordingly, detailed information provided by the Military Services indicates the policy for charging civilians a fair market rent for occupying government controlled housing has been implemented throughout the Department of Defense. As a result of this policy, reimbursements from civilians, Coast Guard, and non-DoD personnel anticipated in fiscal year 1980 for government housing total $11,988,272. In fiscal year 1981 the total anticipated is $12,857,071 which is a 7.2 percent increase from fiscal year 1980.

The Department will continue to review this program to insure revenue from civilians occupying government housing, including non-DoD personnel, is based upon appraisals properly arrived at in accordance with established procedures.

MORTGAGE INSURANCE PREMIUMS

The Appropriations Committee has expressed its feelings that large reserves in the Armed Services Housing Mortgage Insurance Fund can cover any losses from both the Capehart/Wherry Program and the Servicemen's Mortgage Insurance Fund. (Section 222 of the National Housing Act) The Committee recommended that the Department of Defense terminate the requirement that such premium payments be made. Accordingly, the military departments have been directed not to continue payment of mortgage insurance premiums on the Capehart and Wherry program nor any new conversions of mortgage insurance to the Servicemen's Mortgage Insurance program. The Department of Housing and

Urban Development has also been requested to initiate action, as soon as possible, to preclude new conversions to the Section 222 Program.

PREPARED STATEMENT OF PERRY J. FLIAKAS, DEPUTY ASSISTANT SECRETARY OF DEFENSE (INSTALLATIONS AND HOUSING)

GUARD AND RESERVE FORCES

Mr. Chairman and Members of the Committees:

It is a privilege to appear before these Committees and present the fiscal year 1981 Department of Defense Guard and Reserve Forces Military Construction Program.

The request this year is as follows:

	Authorization	Appropriation
Army National Guard	$27, 141, 000	$35, 000, 000
Army Reserve	39, 721, 000	44, 200, 000
Naval and Marine Corps Reserve	22, 250, 000	24, 700, 000
Air National Guard	80, 500, 000	90, 200, 000
Air Force Reserve	18, 725, 000	22, 600, 000
Total	188, 337, 000	216, 700, 000

This request includes authorization and appropriation of $188.3 million for new construction in 43 states and Puerto Rico, plus additional appropriation of $15.9 million for minor construction projects costing less than $175,000 each and $12.5 million for continuing planning and design. This request represents an increase of $90,186,000 over that authorized and $96,700,000 over that appropriated for fiscal year 1980. However, it should be remembered that the fiscal year 1980 program was extremely austere, and not totally representative of construction requirements since it reflected a proportionate reduction of an overall reduced Military Construction Program.

The Fiscal Year 1981 program contains 161 projects and is structured to emphasize improvements in readiness, training and recruitment and retention of personnel. The tentative project lists in support of the lump sum authorization indicate that $41.3 million will be used to construct, expand or modify 27 armories and training centers for the Army National Guard and Army Reserve whereas an additional $25.6 million will be used to meet urgent requirements for vehicle maintenance, aviation support, field training and other nonarmory facilities. The Naval and Marine Corps Reserves propose to use $12 million for the support of four reserve training centers and $10.3 million for aircraft operations and maintenance facilities and energy conservation projects. The Air National Guard and Air Force Reserve propose to use $16 million for operational facilities, $47.5 million for maintenance facilities, $17 million for training facilities and $18.7 million for general support and energy conservation.

The Guard and Reserve Components now constitute about 30 percent of the total force and are continuing to play an increasingly important role in our defense. Approximately 40 percent of this request is in support of new mission requirements or new equipment assignments. The balance of the program request is to replace, renovate or expand inadequate facilities that hamper readiness objectives of the Guard and Reserves or that fail to meet the minimum health, safety, environmental, or energy conservation standards.

While manpower shortages in the Guard and Reserves remain of concern, the construction program has been thoroughly analyzed to insure that each project is located where there has been a demonstrated capability to support the various Guard and Reserve Programs. Each project has been further screened to insure that it is absolutely required and planned in the most cost-effective manner.

Mr. Chairman, I wish to express the appreciation of the Department of Defense for the understanding and support of these Committees over the past years; and I solicit your approval of the fiscal year 1981 request. If you or the members of these Committees have questions regarding this program, I will be pleased to discuss them at this time.

PREPARED STATEMENT OF V. BLAISE BANDJUNIS, CHIEF, MILITARY CONSTRUCTION AND SPECIAL PROGRAMS, OFFICE OF THE DEPUTY ASSISTANT SECRETARY OF DEFENSE (INSTALLATIONS AND HOUSING)

Mr. Chairman and Members of the Committees: The general provisions for fiscal year 1981 related to the military construction program are contained in Titles VII and IX and are, except for a few exceptions, essentially the same as those contained in past years in each annual Military Construction Authorization Act. The purpose of these provisions is to facilitate execution of the authorization granted by the Congress and to establish certain limitations on the Military Departments so that they cannot exceed the cost or scope of projects or total authorizations justified to the Congress.

I would now like to briefly review each of the provisions and note any deviations or changes from the provisions contained in prior acts.

With the exception of the phrase "exchange of government-owned land", section 701 is the same as language contained in last year's act and has the effect of authorizing the Secretaries of the Military Departments to proceed with construction authorized free of certain limitation in existing law pertaining to advance of public moneys and acquisition of land. The phrase "exchange of government-owned land" was deleted to avoid conflict with the statutory authority of the General Services Administration on the disposal of real property under the Federal Property and Administrative Services Act of 1949, as amended.

Section 702 is language which appears in each annual military construction Act and corresponds to the equivalent section in prior Acts, except the dollar amounts are changed to the amounts of authorizations contained in the titles for each Military Department, the Defense Agencies, NATO Infrastructure, and military family housing. It authorizes the appropriation of funds to carry out the functions authorized by separate titles of the Act.

Section 703 contains general provisions which serve the dual purpose of providing a limited degree of flexibility to the Department of Defense and military services for exceeding the authorized cost of a project, when such increases could not reasonably have been anticipated, and also established specific limits on the use of this flexibility to meet unforseen circumstances. Briefly, subsection (a) which is known as the title total limitation, restricts the total cost of all projects for the Military Departments to the total amount authorized to be appropriated for that title. The authorizations for Defense Agencies and the NATO Infrastructure program which in previous years were also constrained by the title total are proposed to be excluded from this limitation. Subsection (b) is identical to last year's subsection and primarily authorizes the Secretary of the military department or Director of the defense agency concerned to increase the amount of authorization for bases inside the United States other than Hawaii and Alaska by 5 percent and for bases outside the United States or in Hawaii or Alaska by 10 percent provided that it is determined that such increase (1) is required for the sole purpose of meeting unusual variations in cost arising in connection wtih the project, and (2) could not have been reasonably anticipated at the time such project was submitted to the Congress. However, in subsection (c) when the authorization involves only one project at a named military installation, the amount may be increased up to 25 percent. Subsection (d) further provides that when the amounts named for the Military Departments, Defense Agencies, or NATO must be exceeded by more than the percentages allowed in subsections (b) and (c), the Secretary or Director may proceed with construction by the Military Departments or Defense Agencies or the payment to NATO only after notifying the Committees on Armed Services and either 30 days has elapsed from date of such notification, or both Committees have indicated their approval. Subsection (e) imposes a further restriction that any project the cost of which exceeds the statutory upper limit for minor construction projects may not be contracted for if the current estimate exceeds 25 percent, until a written notice of the facts concerning such project has been submitted to the Committees on Armed Services, as is required in the preceding subsection (d), and either 30 days has elapsed or the Committees have both indicated their approval. Subsection (f) provides for annual reports to Congress on all projects awarded under subsections (d) and (e). Finally, subsection (g) authorizes the Secretary of Defense to increase any of the cost limitations in this or prior Military Construction Authorization Acts and increase the square footage limitation applicable to family housng in order to utilize solar heating and/or cooling equipment in a military construction project.

Section 704 is identical to section 604 in last year's Act. This section has the effect of directing that construction executed under this Act (1) be done by the Army Corps of Engineers or the Naval Facilities Engineering Command, or such other department or Government agency as the Secretary of Defense approves to assure efficient, expeditious and cost-effective accomplishment; (2) that the Secretaries of the military departments report annually to the President of the Senate and Speaker of the House of Representatives a breakdown of the dollar value of contracts completed by the construction agencies, together with the design, construction supervision, and overhead fees charged by such agencies; (3) that all contracts (except for architect and engineering contracts which, unless otherwise authorized, shall continue to be awarded in accordance with presently established procedures, customs and practice) be awarded insofar as practicable on a competitive basis to the lowest responsible bidder; and (4) the Secretaries of the military departments report annually to the President of the Senate and Speaker of the House of Representatives with respect to all contracts awarded on other than a competitive basis to the lowest responsible bidder. Additionally it provides that the reports shall show the ten architect-engineer firms which in terms of total dollars were awarded the most business and a listing of the contracts for each firm.

Section 705 is similar to the repeal provision in last year's Act and continues in effect the previously established policy of repealing military construction authorizations that have not been used within a specfied period after enactment. As a result, after October 1, 1981, only those authorizations, with certain exceptions, which are contained in Public Laws and enacted subsequent to November 26, 1979 would continue to remain available. Section 705 also exempts 13 projects from this repeal.

Section 706 corresponds to section 606 in last year's Act. This section prescribes the cost limitations for permanent barracks and unaccompanied officers quarters but increases these limitations to account for inflation.

Under this section, the cost limitations as stated in dollar amounts in the Act are applicable where the areas construction cost index is 1.0. The cost limitations in areas where the areas construction cost index is more or less than 1.0 will be computed and would be proportionately higher or lower. For example, if the area construction cost index was 1.05, the cost limitation for permanent barracks would be $54.60 per square foot.

This section would make the new cost limitations of $52.00 per square foot for permanent barracks and $57.00 per square foot for unaccompanied officer quarters retroactive to projects which have been previously authorized, but not contracted for as of the time of enactment. The previous cost limitations were $48 and $52, respectively.

Section 901 proposes to amend section 2688 of title 10, United States Code, concerning use of solar energy systems in new construction. Subsection (a) encourages the use of solar systems in new construction when practical. Subsection (b) requires consideration of solar energy systems in the design of all buildings and requires an engineering investigation of the merits of such systems. Subsection (c) authorizes the Secretary of Defense to increase any of the cost or square footage limitations applicable to buildings, facilities or family housing in order to utilize solar heating and/or cooling equipment in a military construction project. Subsection (d) would require that cost effectiveness of installing solar energy systems be determined based upon equivalent barrels of oil saved annually per $1,000 in construction investment rather than original investment cost differential recoverable over the expected life of the facility.

In order to evaluate the cost effectiveness of solar projects, we needed an uncomplicated unit of measurement of energy—one which would be readily understood by those outside the engineering community. The unit was desired in the range of six million Btu. The Department of Energy designated heat content of a barrel of oil is 5,825,000 Btu and therefore one barrel of oil was selected as the unit of energy measurement. Furthermore it is common practice in all areas of energy conservation to express any energy quality of any energy form in barrels of oil equivalent (BOE). For example, the energy in 9,000 cubic feet of natural gas (9 million Btu) is expressed as 1.55 BOE. To establish a priority system to stress conservation of the most critical energy forms, we again wanted to stress simplicity and hence the one, two, three barrel concept.

Section 902 proposes to amend section 609 of Public Law 94–431 to provide for expansion of the existing land conveyance authorization to include the United

States Naval Reserve property also located on the former South Charleston Naval Ordnance Plant. This would raise the government's conveyance to the City of South Charleston, West Virginia from 4.5 acres of land to 8 acres more or less. In return, the City would convey to the United States 10 acres more or less of municipal land in lieu of the previously authorized 8 acres.

Section 903 proposes to amend section 2662 of title 10, United States Code, to increase the reporting threshold from $50,000 to $100,000 on reports to the Armed Services Committees on real property transactions including acquisition, lease, licensing, transfer, or disposal. The reporting thresholds imposed by 10 U.S. Code 2662 have prevailed since 1960 when the dollar limit was raised from $25,000 to $50,000. Since that time there has been a striking increase in land values and lease rentals. As to disposal reports, the proposed amendment will have a negligible effect.

Section 904 proposes to amend section 2672 of title 10, United States Code, to increase the authority to the Secretaries of the Military Departments from $50,000 to $100,000 for the acquisition of small parcels of land. The dollar limitation imposed by statute has prevailed since 1971 when the dollar limit was raised from $25,000 to $50,000. Since 1971 there has been a marked increase in land values during that period. The amendment is designed to authorize the Secretaries of the Military Departments more authority and flexibility in the acquisition of small parcels of land.

Section 905 is required to permit a Department of Defense contribution of $350,000, from minor construction, toward the capital expenditures of the International Institute for Strategic Studies in connection with the Institute's acquisition of its new headquarters building in London.

Mr. Chairman, that completes my summarization of the general provision proposed in the fiscal year 1981 Military Construction Authorization Bill.

Thank you.

Mr. FLIAKAS. The request for 1981 represents a carefully balanced approach to the twin problems of providing new facilities required by changes in weapons, advancing technologies, national security policy, or other factors, and our continuing effort to upgrade or replace much of our substantial inventory of aging and obsolescent facilities.

For fiscal year 1981 the Department of Defense military construction and family housing program request totals $5,294,073,000 for authorization of appropriations and $5,349,456,000 for appropriations. The main differences between these amounts are for planning and design and defense access roads which will be funded under permanent codified authorizing legislation, funding of projects authorized in prior years, funding for debt principal retirement and projects requested for full authorization but with phased funding.

For fiscal year 1980 the Department of Defense requested appropriations in the amount of $3,856,625,000 and $239,680,000 as a supplement to fiscal year 1979. The committees of Congress chose not to act separately on the supplemental request but rather folded it into the fiscal year 1980 program consideration. Actual appropriations enacted for fiscal year 1980 totaled $3,893,577,000. Thus, the fiscal year 1981 appropriations request reflects an increase of some $1.3 billion from the amounts requested and $1.5 billion more than the fiscal year 1980 enacted appropriation.

Similar action was also taken by the Armed Services Committee with about the same end results.

The primary reason for the significant increase this year is that the fiscal year 1980 program request was severely constrained to only urgent near-term defense facility needs. The fiscal year 1981 program provides a more balanced level of facilities to support deployment of weapons systems, to continue emphasis on European readiness, to improve the quality of life for military personnel and their families, and to meet defense commitments to high priority national requirements such as energy conservation and pollution abatement.

For example, Mr. Chairman, there was no family housing new construction or improvements in last year's bill. This year we have 2,651 new units of construction for about $159 million and $109 million for improvements to our family housing inventory. Also, we have major hospital projects such as San Diego, Tripler, and Fort Rucker plus significant increases in the Guard and Reserve Forces. Tactical equipment shops especially in Germany, community facilities and barracks required for our military personnel and their families as well as substantial increases, as you noted, for M–X design and test facilities, the space shuttle, dependent schools, and such other things as land lease in the Marianas.

On page 4 of my statement are tabular summaries of the authorization and appropriations requested. This is arranged for easy comparison with the 1980 program.

INFLATION

Inflation in the construction industry continues to be one of our main concerns. Our ability to predict construction costs 2 years in advance is increasingly eroded because of the large effect of petroleum prices. In pricing the fiscal year 1981 projects, we have assumed that construction costs will rise at about 9 percent a year for the next 2 years.

The current total facility deficiency for the three military Departments, the Guard and Reserve, Defense agencies, and family housing is estimated at about $32.9 billion of which $14 billion represents replacement and modernization projects required to eliminate inadequate and overage facilities. As Senator Hart mentioned, there is an additional amount above that figure of over $20 billion for the M–X.

Within the total requested program, some $5.4 billion, about $2.2 billion are allocated to construction within the United States, $382 million for general support activities, and about $1 billion to overseas construction. The overseas total includes $300 million as our cost share contribution to NATO infrastructure. The remainder, $2.1 billion, represent the military family housing resources necessary to finance operations and maintenance, leasing, and similar activities for support of family housing worldwide.

For the information of the committees and to provide further amplification of the various parts of our program, there are attached to my statement four enclosures for each committee. First is a summary of the proposed authorization/appropriation construction programs by the major facility categories. Second is a more detailed description of the construction within the various authorization/appropriation facility categories. Third is a summary of the family housing authorization for appropriations. Finally, in the last enclosures are our responses to a number of questions and requests for reports contained in the Authorization and Appropriations Committee reports on the fiscal year 1980 program.

CONSTRUCTION EXECUTION

Now I would like to address several important segments of this year's request which in the past have been a matter of interest to the Congress and which we consider to be essential elements affecting our total program. The first of these is construction execution.

By the end of fiscal year 1979 the overall service performance execution rate was approximately 90 percent of the available program. We believe the military departments have done an excellent job with this program. The late enactment by the Congress of the 1980 military construction bills, however, has put us in the hole but we will strive to attain 90 percent execution by the end of this fiscal year.

CONSTRUCTION IN EUROPE

Construction in Europe continues to command a major portion of our total construction request. I will cover this in more detail in my separate statement on construction in Europe and NATO infrastructure, but I would like to say here that the Department of Defense has made significant progress in addressing the concerns of the Congress with particular emphasis on management initiatives and innovations in this very important area.

U.S. ARMY EUROPE RESTATION PLANNING

The DOD has prepared a classified briefing for interested committees of Congress and their staff members on the status of this planning which has the objective of improving the stationing of the U.S. forces in West Germany and increasing readiness. Briefings were conducted for interested congressional committee staff members on February 8, 1980. We are prepared to provide additional briefings for you at your convenience. The fiscal year 1981 program budget request for construction in Germany is consistent with this plan.

MEDICAL FACILITIES

The program includes $513.5 million of authorization and $247 million of funding for medical facility construction which compares with just $66 million requested last year. This recognizes the vital need to make significant headway with the $1.8 billion backlog of deficient medical facility plant. Much of the current inventory of DOD medical facilities was built 25 to 50 years ago and is today functionally and physically inadequate to meet the needs of modern medical care.

ENERGY CONSERVATION

This is the sixth year of this progressive program to reduce energy consumption in all of our existing buildings and utilities systems. The program is designed to accomplish retrofit work in older facilities on a cost-effective basis to lower energy use levels and to achieve a significant savings in utility costs.

POLLUTION ABATEMENT

The DOD is continuing to make a major effort to identify and correct air and water pollution problems while attempting to fully comply with the many State, regional, and local requirements. The fiscal year 1981 request contains $28.1 million for air pollution abatement and $79.6 million for water pollution abatement. You will note that this is lower than last year.

First, we are completing some of the earlier requirements. Second, there is the Comptroller General's ruling of October 4, 1979, which relates to the Federal contribution to regional waste water treatment plants. We understand this ruling to require EPA to fund the entire Federal share including that formerly funded by Defense.

BASE REALINEMENTS

Knowing the Congress expressed vital interest in actions affecting Department of Defense installations, I would like to say now that there is no new base closure package announcement planned this year. However, our actions on the previously announced proposals are continuing.

GUARD AND RESERVE

The authorization request for the Guard and Reserve Components of the Army, Navy, Marine Corps, and Air Force is $188 million and the appropriation request $217 million. This request includes projects in 43 States and Puerto Rico. It represents an increase of $90 million over that authorized and $97 million over that appropriated for 1980.

FAMILY HOUSING PROGRAM

The Department of Defense family housing program for 1981 requires authorization and appropriations of about $2.1 billion which is an increase of approximately $400 million over the 1980 level. Much of this increase, as I mentioned before, is due to the inclusion of construction projects this year while we had none last year and is necessary to accommodate our most urgent needs for new housing and improvements to the existing housing inventory.

The program that we discussed with you last year to test the feasibility of metering the utilities consumed by occupants of military family housing units and charging occupants for use above a norm has been completed and a report has been provided to the committee separately. I will be prepared to discuss the details of that program at our separate hearing.

A major departure from prior years' approach to the funding of large scale projects is reflected in this year's bill. Two projects have been identified for incremental funding in the fiscal year 1981 military construction program. These projects are the $293 million hospital at San Diego, Calif., and $106.2 million for the new analysis center for the Defense Intelligence Agency at Bolling Air Force Base, Washington, D.C. Full authorization is requested in fiscal year 1981 for both projects with appropriations requested in fiscal year 1981 and fiscal year 1982.

In conclusion, I am appreciative of this opportunity to appear before you today to present the Department of Defense fiscal year 1981 military construction program. I have attempted to provide you with a broad outline of our continuing efforts to achieve a strong base structure which will measurably contribute to the readiness of the total forces. We express our appreciation for the understanding and support of both committees which has been so helpful in past years. Thank you, Mr. Chairman.

Senator HUDDLESTON. I would like to thank you.

I don't know what protocol dictates in terms of order for the witnesses. Do you have a choice along that line?

Mr. FLIAKAS. Gentlemen, we will go by our traditional grouping which takes the Army first.

Senator HUDDLESTON. General William E. Read, U.S. Army.

STATEMENT OF WILLIAM E. READ, MAJOR GENERAL, USA, ASSISTANT CHIEF OF ENGINEERS, OFFICE OF THE CHIEF OF ENGINEERS, DEPARTMENT OF THE ARMY

General READ. Mr. Chairman, I am Maj. Gen. William E. Read, Assistant Chief of Engineers, Office of the Chief of Engineers, Department of the Army.

I am pleased to appear before these subcommittees to present the Department of the Army's annual military construction authorization and appropriation request.

With your permission I would like to enter my complete statement in the record and summarize it at this time.

Senator HUDDLESTON. Without objection, we will proceed in that fashion.

[The prepared statement follows:]

PREPARED STATEMENT BY MAJ. GEN. WILLIAM E. READ, ASSISTANT CHIEF OF ENGINEERS, OFFICE OF THE CHIEF OF ENGINEERS, DEPARTMENT OF THE ARMY

Mr. Chairman and members of the committees, I am Major General William E. Read, Assistant Chief of Engineers, Office of the Chief of Engineers, Department of the Army.

I am pleased to appear before these committees to present the Department of the Army's annual military construction authorization and appropriation request.

Our request for fiscal year 1981 includes $980,300,000 in total obligational authority. Our companion request for authorization totals $895,620,000 and includes $13,670,000 for Ammunition Facilities which is included in the Procurement of Ammunition, Army appropriation request. Our request for appropriation includes $7,200,000 for 3 projects for which prior authorization exists. Of the total appropriation request, 51 percent, or $503,800,000 is for construction within the United States. About 37 percent, or $357,350,000 is for construction outside the United States, primarily in Europe. The remaining 12 percent includes $119,150,000 for design, exigent minor construction and access roads.

In line with direction received last year, from the Senate Appropriations Subcommittee on Military Construction, I have correlated this year's request with U.S. Army missions, as much as possible, and will present it to you in that manner. I will discuss the program as it supports the U.S. Army forces deployed in Europe, U.S. Army forces deployed in the Pacific area, the Army sustaining and material production base, a discussion of Energy Conservation and Pollution Abatement initiatives and our request for funds for planning and design, and unforeseen, or exigent minor construction.

This year's budget contains a request for appropriation of $276,830,000 to support and sustain the readiness of U.S. Army forces in Europe. This amount contains $3,750,000 for which authorization already exists. A major initiative to improve force readiness in Europe which is supported by our request is the addition of artillery tubes in our 155 millimeter and 8 inch artillery battalions. Force readiness cannot be achieved without fully operational, well maintained equipment. To that end, we are requesting $106,820,000 to construct new or upgrade existing maintenance facilities in Europe. These facilities include unit level tactical equipment shops as well as support level maintenance facilities, and will have a very positive effect on the units equipment readiness and their ability to train and fight. Since no Army can sustain itself without logistics support, our request for Europe contains $22,670,000 for facilities in the supply category. Included in this category are improvements to our petroleum storage and handling facilities, plus uploading of selected units basic loads of ammunition, to enable them to reach their designated General Defense Plan positions in time to fight. To sustain and improve the welfare of our forward deployed force in Europe, we are requesting $21,850,000 for medical and dental facilities at 7 locations throughout Germany. We are also seeking $83,550,000 for the construction of new barracks, dining and community facilities. These facilities foster readiness by creating an environment where a soldier's needs are recognized, causing him to favorably consider remaining in the Army beyond his first enlistment. As a command, the U.S. Army, Europe is the Army's largest consumer of energy. To economize in that area, we are requesting $14,420,000 to invest in improved utilities systems and energy conservation.

To improve and sustain the U.S. Army forces deployed in the Pacific area, this year's budget contains $3,000,000 for U.S. Army, Japan, $63,620,000 for forces deployed in Korea and $5,800,000 to support activities at the National Missile Range, Kwajalein. Support of forces stationed in Hawaii will be covered in our discussion of the sustaining base. This year's request for Japan will provide for an upgrade of physical security measures at the ammunition depot at Kawakami, on the island of Honshu. The major thrust of this year's request for Korea is in support of our combat forces, or the 2nd Infantry Division, stationed there. The conditions under which those soldiers must live and work are deplorable. Their barracks and maintenance facilities outlived their economic life years ago and the utilities systems are grossly overtaxed and, in many cases, unsafe. To improve the lot of the combat soldier in Korea, this year's request contains $15,500,000 for relocatable barracks, $10,400,000 for relocatable tactical equipment shops and $9,900,000 to upgrade the water supply, treatment and distribution system. The new barracks and utilities system will materially improve the environment where our soldiers live and the tactical equipment shops will provide a profound improvement in our ability to work on our equipment especially during the harsh winters.

Our request for $5,800,000 for the National Missile Range at Kwajalein will enable us to modernize barracks for the people there, construct a live explosive storage facility and provide for pollution abatement.

In support of our forces deployed in Panama, we are seeking $8,100,000.

As I mentioned earlier, support of forward deployed forces by a sustaining base is absolutely essential if we are to fight and win. $504,000,000 (or 51 percent) of our request for appropriation this year is in support of the Army's sustaining and materiel production base, located in the United States, including Hawaii. I will discuss this portion of our request by major command, since each has a distinct, unique mission as part of our sustaining base.

The United States Army Forces Command, or FORSCOM has the mission of maintaining its subordinate units in a combat ready posture, deployable on short notice. In support of the FORSCOM mission, its subordinate installations and units, we are seeking $181,770,000 in new authorization and an appropriation of $183,270,000, the difference being for a project previously authorized. Over half of this request is for operations and training facilities and maintenance facilities, both of which contribute directly to the combat readiness of our deployable forces. Some major aspects of our request in these areas include Equipment Maintenance facilities at Fort Bragg, North Carolina for $9,000,000, at Fort Carson, Colorado for $29,850,000, at Fort Polk, Louisiana for $10,500,000, at Fort Stewart, Georgia for $14,850,000, and flight simulators at Fort Hood, Texas for $5,000,000. The request for FORSCOM includes $9,950,000 for health clinics at Fort Ord and Fort Hunter-Liggett, California and at Fort Sam Houston, Texas. Adequate housing for unaccompanied soldiers and military community facilities are a major factor not only in the morale and welfare of our soldiers, but in their decision to remain in the Army. We are seeking $36,270,000 in this category for FORSCOM.

The mission of Training and Doctrine Command, or TRADOC, is to manage the individual training of our soldiers and officers in the U.S. Army schools system, develop new battlefield doctrine and techniques and blend the requirements of new equipment and doctrine with the organization and manning of Army units. To support the TRADOC mission, its installations and units, we are seeking $98,150,000 in new authorization and a like amount for appropriation. Within that request, we have $28,000,000 for operations and training facilities. Included is a $6,300,000 project to augment the training facilities at Fort Benning, Georgia, the construction of a cargo handling training facility for $4,500,000 at Fort Eustis, Virginia, a $7,900,000 applied instruction facility at Fort Leonard Wood, Missouri and instructional support facilities at Fort Sill, Oklahoma, for $4,100,000. Our request for TRADOC also includes $29,260,000 for medical facilities. The major activity supported within this request is a $27,500,000 addition to and functional alterations of Lyster Army Hospital, Fort Rucker, Alabama. The addition will provide, among other things, facilities for training Army Flight Surgeons, the Army Aerospace Medicine Residency Training Program and aeromedical education and physiological training.

The Army Materiel Development and Readiness Command, or DARCOM, is a vital component of the Army's sustaining base. Its mission is the integrated, systemized management of the Army's wholesale materiel activities, ranging from research through acquisition and distribution to disposal. To support this key mission, the Army seeks an appropriation of $110,530,000 and a companion authorization of $122,250,000. The difference between the authorization and appropriation request is a previously authorized project for $1,950,000 for which appropriation is sought, and $13,670,000 for ammunition production facilities, for which only authorization is sought. Major aspects of our request for DARCOM include $9,250,000 for an addition to the guided missile maintenance facility at Letterkenny Army Depot, Pennsylvania and $4,860,000 for alterations to a facility at Rock Island Arsenal, Illinois, to permit the Army Armament Materiel Readiness Command to perform its mission of procurement, production, inventory control, maintenance system management, product assurance, distribution control and disposal of designated armament and ammunition systems. By far, the largest investment programmed for DARCOM installations is in pollution abatement. For that purpose, we are seeking $52,280,000 to correct serious air and water pollution conditions. To achieve additional energy conservation at DARCOM activities, this budget request contains $24,150,000.

Also included within the sustaining base is Western Command, or WESTCOM, located in Hawaii. WESTCOM, like FORSCOM, has the mission of maintaining its subordinate forces in a combat ready status, ready for deployment on short notice. Of the $89,270,000 requested for WESTCOM this year, $84,500,000 is required to alter and expand Tripler Army Medical Center. Tripler AMC is the only military medical center in the Pacific region and must satisfy the total Department of Defense medical center requirements there. Additionally, the Veterans Administration, the Public Health Service and other federal hospital users rely on the hospital to serve their various tertiary care needs.

Other commands included in the sustaining base are the U.S. Army Corps of Engineers, the Military District of Washington, the Army Communications Command, the Army Health Services Command and the Military Traffic Management Command. Significant aspects of the various programs for some of these commands include an Electromagnetic Environmental Test Facility for $4,650,000 at Fort Huachuca, Arizona, in support of the mission of the Communications Command, and a Frost Effects Research Facility for $6,100,000 at the Cold Regions Research and Engineering Laboratory, Hanover, New Hampshire, in support of the Corps of Engineers mission.

Although not oriented toward a mission in the military sense, the areas of energy conservation and pollution abatement remain high in the Army's priorities and deserve our continued efforts. This year, the Army seeks an appropriation total of $71,720,000 for energy conservation, some of which has been mentioned earlier. $69,770,000 of that amount requires authorization, the balance having been previously authorized. Of that total, $62,390,000 is for energy conservation initiatives within the United States. This year's request contains $47,950,000 for water pollution abatement projects and $21,490,000 for air pollution abatement projects, or a grand total for pollution abatement of $69,440,000. This represents 7 percent of our total request for appropriation. Considered together, our request for energy conservation and pollution abatement consume $141,160,000, or 14.4 percent of the total MCA appropriation request.

I would now like to call your attention to tables I and II which summarize the total MCA program by command, and by construction category.

TABLE I.—PROPOSED FISCAL YEAR 1981 MILITARY CONSTRUCTION, ARMY PROGRAM

Command	Appropriation request	Authorization request
U.S. Army Forces Command	$183, 270, 000	$181, 770, 000
U.S. Army Training and Doctrine Command	98, 150, 000	98, 150, 000
U.S. Army Material Development and Readiness Command	110, 530, 000	108, 580, 000
Ammunition facilities		13, 670, 000
U.S. Army Western Command	89, 270, 000	89, 270, 000
U.S. Army Communication Command	6, 400, 000	6, 400, 000
Military Traffic Management Command	2, 880, 000	2, 880, 000
U.S. Army Health Services Command	2, 140, 000	2, 140, 000
U.S. Army Corps of Engineers	6, 100, 000	6, 100, 000
Military District of Washington	5, 060, 000	5, 060, 000
Total inside the United States	503, 800, 000	514, 020, 000
8th U.S. Army, Korea	62, 434, 000	62, 434, 000
National Missile Range, Kwajalein	5, 800, 000	5, 800, 000
U.S. Army, Europe	276, 830, 000	273, 080, 000
U.S. Army, Japan	3, 000, 000	3, 000, 000
U.S. Army Intelligence and Security Command	1, 186, 000	1, 186, 000
U.S. Army Forces Command (Panama)	8, 100, 000	8, 100, 000
Total outside the United States	357, 350, 000	353, 600, 000
Minor construction [1]	28, 000, 000	28, 000, 000
Planning	88, 150, 000	
Access roads	3, 000, 000	
Total other	119, 150, 000	28, 000, 000
Total appropriation request	980, 300, 000	
Total authorization request		895, 620, 000

[1] Minor construction projects at known locations (those costing less than $500,000) totaling $22,210,000 are included in the grand total. The minor construction request of $28,000,000 is for exigent (unforeseen) construction requirements. The total minor construction request is $50,210,000.

TABLE II.—PROPOSED FISCAL YEAR 1981 MILITARY CONSTRUCTION, ARMY PROGRAM

Construction category [1]	Appropriation request	Authorization request
Operational and training facilities	$83, 910, 000	$80, 160, 000
Maintenance and production facilities	209, 920, 000	209, 920, 000
Ammunition plant modernization		13, 670, 000
Research, development and test facilities	14, 820, 000	14, 820, 000
Supply facilities	53, 390, 000	53, 390, 000
Hospital and medical facilities	153, 110, 000	151, 610, 000
Administrative facilities	19, 210, 000	19, 210, 000
Housing and community facilities	148, 550, 000	148, 550, 000
Utilities and ground improvements	178, 240, 000	176, 290. 000
Water pollution abatement	(47, 950, 000)	(47, 950, 000)
Air pollution abatement	(21, 490, 000)	(21, 490, 000)
Energy conservation	(71, 720, 000)	(69, 770, 000)
Utilities	(37, 080, 000)	(37, 080, 000)
Planning	88, 150, 000	
Minor constuction (exigent locations only)	28, 000, 000	28, 000, 000
Access roads	3, 000, 000	
Total appropriation request	980, 300, 000	
Total authorization request		895, 620, 000

[1] Minor construction projects at known locations (those costing less than $500,000) totaling $22,210,000 are included in the grand total. The minor construction request of $28,000,000 is for exigent (unforeseen) construction requirements. The total minor construction request is $50,210,000.

Before closing, I should like to comment briefly on a subject in which both committees have expressed interest in the past: the need to obtain greater support for our overseas program from our NATO allies. I am pleased to report to you that the Army expects to obtain from the present NATO Infrastructure annual program (Slice 31), approximately one-fourth billion dollars which represents a ten-fold increase over the average of the 5 previous years. The U.S. is making progress in obtaining for the Army expanded NATO criteria for several key items including POMCUS facilities, war reserve ammunition storage and other war reserve facilities. We are continuing to submit for NATO funding extremely large programs which we hope to have funded to improve the combat readiness of the alliance. Our requirements in this area are being pursued strongly, but we must realistically recognize that our needs are such that even a highly successful effort would require more than 5 years funding at the current funding levels.

The Federal Republic of Germany (FRG) contributes 26.4 percent of the NATO Infrastructure program. In addition, under the NATO system, host nations bear additional costs above that for which the alliance pays. These include real estate, and access roads and utilities to the project boundary. These additional costs equate to an average of approximately 13 percent of the typical NATO cost of a project. As a host nation, the FRG bears these costs for all NATO projects within its boundaries, which includes most of the Army projects. We are also seeking through the DOD to obtain FRG assistance in other areas.

The projects in this program are to meet the mission requirements of the commands, the immediate needs of the American soldier and to accomplish work neither eligible for NATO Infrastructure nor, we believe, appropriate now for Host Nation funding. We do intend to try and obtain NATO eligibility for one project in the future, but these facilities are considered so important that we feel the project should not wait several years for possible NATO eligibility and funding. We intend to protect the U.S. interest by taking steps to permit recoupment of U.S. funds if the project ever becomes eligible for NATO funding.

The Army recognizes its responsibility to obtain the maximum support for its facility needs for our forward deployed forces from our allies and will continue to seek to do so. However, we must continue to request from the Congress support for the immediate needs which we cannot obtain from other sources.

In summary, our fiscal year 1981 Military Construction Army program is molded to support the Army's mission, improve readiness, provide adequate living conditions for our soldiers, and to comply with energy conservation and pollution abatement requirements. This request contains the highest priority items to improve readiness and improve facilities for our soldiers and their families.

This concludes my presentation of the Army's fiscal year 1981 Military Construction Authorization and Appropriations request. As in previous years, the detailed project justification supporting our request is contained in the material which has been furnished to the Committees. The projects are arranged in command and station sequence.

I will be pleased to answer any questions the Committees may have, or to see that answers are provided.

General READ. Our request for fiscal year 1981 includes $980,300,000 in total obligational authority. Our companion request for authorization totals $895,620,000 and includes $13,670,000 for ammunition facilities which is included in the procurement of ammunition, Army appropriation request. Our request for appropriation includes $7,200,000 for three projects for which prior authorization exists. Of the total appropriation request, 51 percent, or $503,800,000 is for construction within the United States. About 37 percent, or $357,350,000 is for construction outside the United States, primarily in Europe. The remaining 12 percent includes $119,150,000 for design, exigent minor construction and access roads.

In line with direction received last year from the Senate Appropriations Subcommittee on Military Construction, I have correlated this year's request with U.S. Army missions, as much as possible, in my complete statement and will summarize our program for you now.

This year we are seeking an appropriation of $276,830,000 to support and sustain the readiness of U.S. Army forces in Europe. Major aspects of this request include $106,820,000 for construction or upgrade of maintenance facilities, $53,390,000 for supply-related projects including ammunition upload facilities, $21,850,000 for medical and dental facilities and $83,550,000 for new barracks, dining and community facilities. Since U.S. Army Europe is our largest consumer of energy, we are requesting $14,420,000 to economize in that area.

To improve and sustain the U.S. Army forces deployed in the Pacific area, this year's budget contains $3 million for U.S. Army Japan, $63,620,000 for forces in Korea and $5,800,000 to support activities at the National Missile Range, Kwajalein. The major thrust of our request for the Pacific area is to improve the readiness and living and working conditions of our combat forces in Korea. For the 2d Infantry Division in Korea we are seeking $15,500,000 for relocatable barracks, $10,400,000 for relocatable tactical equipment shops and $9,900,000 to upgrade the water supply system in the Camp Casey area. The balance of our request for Korea is required for Army activities and installations which will remain active regardless of any decision to withdraw the 2d Division.

Support of forward deployed forces by a sustaining base is absolutely essential if we are to fight and win. To support the U.S. Army Forces Command in its mission of maintaining the combat readiness and deployability of subordinate units, we seek $181,770,000 in new authorization and an accompanying appropriation of $183,270,000. Training and Doctrine Command's mission of training individual soldiers and officers and the development of new battlefield doctrine is supported by our request for $98,150,000.

Management of the Army's wholesale materiel activities by the Army Materiel Development and Readiness Command is vital to the Army's sustaining base. To improve their facilities and therefore streamline their ability to provide the necessary materiel support, we are seeking an appropriation of $110,530,000 and a companion authorization of $122,250,000. Within that request is contained $52,280,000 to correct serious air and water pollution conditions.

Western Command (or Westcom), in Hawaii, like Forces Command, must maintain its forces in a combat ready posture, ready to deploy on short notice. Our request of $89,270,000 for Westcom includes $84,500,000 to expand and alter Tripler Army Medical Center, the only military medical center in the Pacific region.

Our request for other commands, including the Corps of Engineers, the Military District of Washington, the Army Communications Command, Health Services Command and the Military Traffic Management Command totals $22,580,000.

Air and water pollution abatement requirements this year total $69,440,000. We are seeking an appropriation of $71,720,000 for energy conservation. Our combined request for pollution abatement and energy conservation totals 14.4 percent of our total fiscal year 1981 appropriation request.

I should like to comment briefly on a subject in which both committees have expressed interest in the past: The need to obtain greater support for our overseas program from our NATO allies. I am pleased to report to you that the Army expects to obtain from the present NATO infrastructure annual program, approximately one-quarter billion dollars which represents a tenfold increase over the average of the 5 previous years. The United States is making progress in obtaining for the Army expanded NATO criteria for several key items including POMCUS facilities, war reserve ammunition storage and other war reserve facilities. We are continuing to submit for NATO funding extremely large programs which we hope to have funded to improve the combat readiness of the alliance. Our requirements in this area are being pursued strongly, but we must realistically recognize that our needs are such that even a highly successful effort would require more than 5 years funding at the current funding levels.

The Federal Republic of Germany contributes 26.4 percent of the NATO infrastructure program. In addition, under the NATO system, host nations bear additional costs above that for which the alliance pays. These include real estate and access roads and utilities to the project boundary. These additional costs equate to an average of approximately 13 percent of the typical NATO cost of a project. As a host Nation, the Federal Republic of Germany bears these costs for all NATO projects within its boundaries, which includes most of the Army projects. We are also seeking through the DOD to obtain German assistance in other areas.

The projects in this program are to meet the mission requirements of the commands, the immediate needs of the American soldier and to accomplish work neither eligible for NATO infrastructure nor, we believe, appropriate now for host nation funding. We do intend to try and obtain NATO eligibility for one project in the future but these facilities are considered so important that we feel the project should not wait several years for possible NATO eligibility and funding. We intend to protect the U.S. interest by taking steps to permit recoupment of U.S. funds if the project ever becomes eligible for NATO funding.

The Army recognizes its responsibility to obtain the maximum support for its facility needs for our forward deployed forces from our allies and will continue to seek to do so. However, we must continue to request from the Congress support for the immediate needs which we cannot obtain from other sources.

This concludes my presentation of the Army's fiscal year 1981 military construction authorization and appropriations request. As in previous years, the detailed project justification supporting our request is contained in the material which has been furnished to the committees. The projects are arranged in command and station sequence.

Mr. Fliakas. Admiral Iselin.

STATEMENT OF D. G. ISELIN, REAR ADMIRAL, CEC, USN, COMMANDER, NAVAL FACILITIES ENGINEERING COMMAND

Admiral Iselin. I am pleased to have the opportunity to review the Navy's military construction budget. Brig. Gen. Richard T. Trundy, U.S. Marine Corps, will review the Marine Corps portion of the budget.

With the chairman's consent I will provide my full statement for the record and summarize the major points in my oral statement.

Senator **Huddleston**. Without objection, so ordered.

[The prepared statement follows:]

Prepared Statement of Rear Adm. D. G. Iselin, CEC, U.S. Navy, Commander Naval Facilities Engineering Command

Mr. Chairmen, and members of the committees, I am Rear Adm. Donald G. Iselin, commander of the Naval Facilities Engineering Command.

I am pleased to have the opportunity to review the Navy's military construction budget. Brig. Gen. Richard T. Trundy, U.S. Marine Corps, will review the Marine Corps portion of the budget.

FISCAL YEAR 1981 MILITARY CONSTRUCTION AUTHORIZATION AND APPROPRIATION

The authorization request this year is $898.1 million in new authority. For comparison, the fiscal year 1980 authorization was $489.6 million. The appropriations request is $703 million in new obligational authority. For comparison, the fiscal year 1980 appropriation was $567 million. The majority of the authorization increase results from seeking full authorization of $293 million for the San Diego Hospital project. The appropriation request for the San Diego Hospital is $25 million.

PRESENTATION HIGHLIGHTS

First, I have some brief comments on topics of special interest to the committees. The balance of my statement correlates the mission of the Navy with the projects requested in this year's budget.

SPECIAL TOPICS—CONSTRUCTION CONTRACTING

Construction costs have risen at a rate of slightly greater than 1 percent per month from October 1, 1978 to the present. Current projects are that construction costs will continue to rise at approximately the same rate over the next fiscal year. With this inflation rate, advancing the bidding and award date of a project will generally reduce its construction cost. Initiating design early has allowed the Navy to advance bidding and construction contract award rates over the last several fiscal years. For example, we were able to place 91 percent of the projects in our fiscal year 1979 program under contract within the fiscal year. I consider this a very significant achievement and my engineering field divisions have been commended for their performance. The Congress has expected benefits to accrue from earlier design and these benefits are being realized.

CONSTRUCTION BACKLOG

The Navy is concerned with the size of the military construction backlog and has for several years been exploring the best means of achieving the funding required for military construction. This exploration has taken several forms. One procedure being employed is to develop program objectives for each major category of facilities from an analysis of the military construction backlog. This facilities category objectives approach looks at long-term goals.

In recent years, the Navy has approached construction program and budget formulation by analyzing "cost of ownership." In military construction budgeting, "cost of ownership" involves a recognition of a finite life expectancy for various facilities, a need to maintain them in a condition that permits their longest functional use, and to replace or modernize them at the appropriate time.

Some ships, aircraft or weapons systems are retired, not because we cannot continue to operate them, but because they are no longer militarily effective. Similarly, we have buildings, structures, and facilities we must retire because they are not functionally effective or because the cost of ownership becomes excessive in terms of operational and maintenance expenses. There is a need to manage both investments in new facilities and maintenance expenditures to assure a proper balance.

The "cost of ownership" analysis and the "facilities categories program objectives" development are both used as tools to determine how best to apportion the Navy's annual resources to the various authorization and funding requests sent to Congress.

An optimum program is developed by a series of trade-offs. For example, in air warfare, decisions are made on how much of the program to allocate to aircraft, missile, carriers, repairs, plant maintenance, replenishment spares, avionics equipment, and military construction. A decision to program resources to military construction to build a new maintenance hangar is a decision to defer another competing requirement.

The Navy uses this system for developing its military construction requirements and considerable management attention is directed to achieving an appropriate allocation of funds to both military construction and facilities maintenance. Although we believe we have a good system, we are continuing our efforts to improve it to assure that military construction requirements are properly evaluated during internal decisionmaking actions.

BACKLOG OF SHIPYARD MODERNIZATION

Interest has been expressed over the last several years in the shipyard modernization program. The Navy is acutely aware of the benefits to be derived from the modernization of the eight naval shipyards and continues to examine the program in light of competing requirements. In the shipyard modernization program, emphasis will be placed on facilities to keep pace with repair and overhaul demands of new ships; to keep the shipyards' physical plants functioning, with particular attention to 40-year-old power plants and utility systems that must be replaced; and to enhance the productivity of the civilian work force. However, the time needed to program the $1.5 billion backlog still remaining in the shipyard modernization program is now expected to extend into the 1990's. If funds allocations permit, the shipyard modernization program will be accelerated.

MISSION SUPPORT CONSTRUCTION

The budgeted amount by mission, major command and facilities category, are provided in a supplement to my statement. Since many installations have more than one mission, the installations and their projects are identified by their primary mission.

STRATEGIC FORCES

The Naval Submarine Base, Bangor, Wash., and the Naval Submarine Support Base, Kings Bay, Ga., are installations with a mission of direct support to strategic forces. Other installations with a support mission to strategic forces are the Polaris Missile Facility, Charleston, S.C.; Naval Weapons Station, Charleston, S.C.; Naval Activities Detachment, Holy Loch, Scotland; and the Naval Station, Guam, Mariana Islands. This year $34.2 million is requested for installations with a direct strategic support mission. The amount requested, at other bases with a mission in support of strategic forces, is $15.8 million. At the Naval Submarine Base, Bangor, Wash., $7.6 million of the request will provide a cover for the drydock to permit meeting the 18-day refit schedules, under all weather conditions, a facility for inspecting and refurbishing launcher equipment, facilities in support of a construction battalion unit and personnel support facilities. The balance, $8.6 million of the $16.2 million request, is provided for community impact assistance support.

For the Naval Submarine Support Base, Kings Bay, Ga., $18 million is requested to provide operational and personnel support facilities and utilities.

For the other installations with a support mission to strategic forces, the projects will provide: (1) At the Polaris Missile Facility, Atlantic, Charleston, S.C., reinforced concrete magazines for storage of Trident (C-4) missile/motors, reentry bodies and small ordnance, and facilities for industrial waste collection and treatment; (2) at the Naval Weapons Station, Charleston, S.C., facilities that will provide support to station personnel and strategic force personnel. The facilities are a chapel and religious education building, a barracks to provide adequate billeting for marines that provide security for the Naval Weapons Station and Polaris Missile Facility, Atlantic, and a water supply improvement project that will benefit both the weapons systems support and strategic forces support missions of the station.

No requests are made in this budget for the Naval Activities Detachment, Holy Loch, Scotland, or the Naval Station, Guam, Mariana Islands.

GENERAL PURPOSE FORCES

For Marine Corps and Naval installations having a primary mission of support of general purpose forces, $135.6 million is requested. The most significant projects are at the Naval Air Station, Alameda, Calif.; Marine Corps Base, Camp Pendleton, Calif.; Marine Corps Air Station, El Toro, Calif.; Naval Air Station, Lemoore, Calif.; Marine Corps Base, Camp Lejeune, N.C.; Marine Corps Air Station, Cherry Point, N.C.; Naval Air Station, Oceana, Va.; Naval Station, Keflavik, Iceland, and Naval Station, Roosevelt Roads, P.R. For Marine Corps installations, a major portion of the request is for enlisted barracks that will be addressed by Brigadier General Trundy in his statement.

For the Navy, the significant projects are: (1) Aircraft support facilities at the Naval Air Station, Alameda, Calif., that will modify three hangars for operations and maintenance of C–130 aircraft with an airborne communications mission that supports strategic forces; (2) pier improvements at the Naval Air Station, Alameda, Calif., that will provide electrical utilities on one pier to permit aircraft carriers to shut down their electrical generating plants while in port; (3) engine test cells at the Naval Air Station, Lemoore, Calif., needed for testing jet engines for the F/A–18 aircraft in an environmentally acceptable mode; (4) a barracks that will provide 504 spaces for E1—E4 personnel and reduce severe overcrowding of personnel, and land acquisition to prevent development incompatible with the mission of the Naval Air Station, Oceana; (5) a new dual purpose air terminal to separate military and civilian functions, a barracks to provide adequate billeting for 154 senior enlisted personnel, and the second phase of geothermal heating to convert to geothermal energy the energy source for heating and domestic hot water, all at the Naval Station, Keflavik, Iceland, and (6) sanitary sewage collection and treatment facilities at the Naval Station, Roosevelt Roads, P.R., to bring sewage treatment plants, and ocean outfalls, and collection system up to environmental protection agency standards.

AUXILIARY FORCES

The request for auxiliary forces is $35.9 million for Navy installations performing intelligence, communications, and research and development missions. The most significant projects are at the Naval Communication Station, Keflavik, Iceland; Naval Research Laboratory, District of Columbia; Naval Weapons Center, China Lake, Calif.; and the Pacific Missile Test Center, Point Mugu, Calif. At the Naval Communication Station, Keflavik, an antenna tower project will upgrade very low frequency transmissions and permit great utilization of this station's transmitting capabilities.

For the Naval Research Laboratory, District of Columbia, a facility energy improvements project will upgrade steam and condensate lines and install heat recovery and recirculation systems and other energy conservation improvements.

At the Naval Weapons Center, China Lake, a weapons systems support project will provide a single consolidated facility for engineering support for integration of new weapons systems during the service life of Navy's most advanced attack and fighter aircraft. Another project for land acquisition will acquire the appropriate interest in private lands underlying two established low-level, high-speed aircraft approach corridors vital to major test range operations.

At the Pacific Missile Test Center, Point Mugu, a weapons system support project will provide space for engineering personnel engaged in nondestructive laboratory testing performed in conjunction with flight testing of airborne weapon system tactical hardware and software.

A facility energy improvements project at Point Mugu will install economizer systems to reduce air conditioning requirements and provide energy efficient exterior and interior lighting systems.

MISSION SUPPORT FORCES

For general purpose mission support forces, $110.3 million is requested. The most significant projects are located at defense installations, Mariana Islands; the Charleston, Norfolk, San Diego Naval Stations; Naval Amphibious Base, Little Creek, Va.; Naval Submarine Base, New London, Conn.; Naval Facility, Brawdy, Wales, United Kingdom; Naval Submarine Support Facility, San Diego, Calif.; and Navy Support Facility, Diego Garcia, Indian Ocean.

The land acquisition project for defense installations, Mariana Islands, will acquire leasehold interests in approximately 18,000 acres of land This acquisition was agreed to in 1975 as a part of covenant to establish the Commonwealth of the Northern Mariana Islands.

For the Naval Station, Charleston, S.C., a shore intermediate maintenance facility project will provide a facility for consolidating shops and provide new and improved space for working on FFG-7 and DD-963 ships. An electrical distribution project will provide adequate and dependable quantities of electrical power to piers "N" and "P."

At the Naval Amphibious Base, Little Creek, Va., a project for a conversion of the steam plant from oil firing to coal firing will result in the savings of approximately 150,000 barrels of oil annually.

For the Naval Submarine Base, New London, Conn., a utilities improvement project will provide a new underground fresh water fire protection system to replace undersized and deteriorated salt water system and to provide service to newly developed areas.

At the Naval Station, Norfolk, Va., a project for a shore intermediate maintenance facility will provide a consolidated shop to provide intermediate maintenance support to approximately 80 ships to be homeported in Norfolk by 1985.

For the Naval Facility, Brawdy, Wales, United Kingdom, an equipment building expansion project will alter and extend a facility for receipt of new equipment.

At the Naval Station, San Diego, Calif., a ship wastewater collection ashore project will provide sewage collection lines on piers 10, 11, and 12.

For the Navy Submarine Support Facility, San Diego, a barracks project will provide spaces for 336 E1-E4 personnel.

For the Navy Support Facility, Diego Garcia, Indian Ocean, a first increment dredging project will provide fill material for expansion of facilities programmed in future years. This expansion will increase capabilities for comfort of a wider range of forces deployed in the Indian Ocean.

CENTRAL SUPPORT FORCES

The request is $212.6 million for facilities construction at central support forces installations. This is subdivided to provide $111.3 million, $43.4 million, and $49.9 million for supply and maintenance, training, and medical installations, respectively. For supply and maintenance installations, the significant projects are located at the Naval Magazine, Lualualei, Hawaii; Puget Sound Naval Shipyard, Bremerton, Wash.; Naval Fuel Annex, Casco Bay, Maine; Charleston Naval Shipyard, Charleston, S.C.; Navy Public Works Center, Great Lakes, Ill.; Naval Supply Center, Norfolk, Va.; Navy Public Works Center, Pearl Harbor, Hawaii; Philadelphia Naval Shipyard, Philadelphia, Pa.; Norfolk Naval Shipyard, Portsmouth, Va.; and Navy Public Works Center, San Francisco, Calif.

At the Naval Magazine, Lualualei, Hawaii, a new barracks projects, outside of the explosive blast hazard zone, will provide spaces for personnel now living in a barracks within the blast zone.

For the Puget Sound Naval Shipyard, Bremerton, Wash. a project for a water pit facility will provide the shipyard with a capability to refuel nuclear aircraft carriers.

For the Naval Fuel Annex, Casco Bay, Maine, an oil spill prevention project will provide containment facilities and improvements to tanks to prevent oil and fuel spills from entering the groundwater table.

At the Charleston Naval Shipyard, Charleston, S.C., a plating shop alterations project will convert plating processes from cyanide base electrolytes to other systems. The pipe cleaning facility project will provide adequate facilities necessary for environmental protection and safe handling of equipment in the pipe shop. A third project will remove nonindustrial functions from the new pier "C" area and convert the vacated space for direct support or ship repair work at pier "C".

For the Navy Public Works Center, Great Lakes, Ill., a facility energy improvements project will upgrade the steam distribution system and accomplish other energy conservation improvements that should result in $1.4 million in savings annually.

At the Naval Supply Center, Norfolk, Va., a hazardous materials storage and handling facility project will provide consolidated safe storage facilities for hazardous and flammable materials with modern safeguards for personnel safety and segregation of incompatible acids, caustics, and other materials.

For the Navy Public Works Center, Pearl Harbor, Hawaii, a utilities improvement project will provide all of the utilities needed to permit ships' boilers and generation equipment to be shut down when berthed at "Mike" wharves.

At the Philadelphia Naval Shipyard, Philadelphia, Pa., a berthing wharf rehabilitation project will replace a wharf bulkhead that could collapse with severe disruption to the operating capability of the shipyard.

For the Norfolk Naval Shipyard, Portsmouth, Va., a plating facility improvements project will correct deficiencies in the present facility to eliminate hazards to personnel from toxic and explosive chemicals. A barracks project will provide 444 spaces for personnel assigned to ships undergoing overhaul which do not have habitable berthing spaces during overhaul.

At the Naval Supply Center, Oakland, Calif., a wharf utilities project will provide all of the utilities needed to permit the shut down of the boilers and generating plant of two replenishment oilers and one auxiliary repair ship.

For the training installations, the significant projects are located at the Marine Corps Recruit Depot, Parris Island, S.C.; the Fleet Combat Training Center Atlantic, Dam Neck, Va.; the Naval Training Center, Orlando, Fla.; the Naval Submarine Training Center, San Diego, Calif.; and the Naval Air Station, Whiting Field, Fla.

At the Marine Corps Recruit Depot, Parris Island, S.C., and the Fleet Combat Training Center Atlantic, Dam Neck, Va., two modernization projects for enlisted personnel housing will upgrade existing inadequate facilities.

At the Naval Training Center, Orlando, Fla., an air conditioning modernization project will replace individual room air-conditioning units with centralized roof-mounted units.

For the Naval Submarine Training Center, San Diego, Calif., an operational trainer facility will provide adequate space to house new training devices being procured for instruction of submarine crews.

Existing airfield pavement at the Naval Air Station, Whiting Field, Fla., is deteriorated, jeopardizing landings and exposing aircraft to foreign object damage. An airfield pavement restoration project will upgrade asphalt pavement on the north field runways used in support of flight training operations.

Also under the central support forces mission category are those installations having medical support as their main function. This year's program includes two significant projects. The first is for $23 million to complete the modernization of the existing hospital at the National Naval Medical Center, Bethesda, Md. Rehabilitation and consolidation of spaces in the existing hospital are required to update the remaining obsolete health care facilities. Maximizing use of existing hospital buildings was basic to National Naval Medical Center's modernization program. The replacement hospital will become operational in October 1980. This year's request will modernize portions of the existing hospital building for outpatient, patient support, administration and service functions, and complete all of the replacement hospital construction. Other space remaining in the existing hospital will be altered and modernized in future years to consolidate other medical organizations now housed in substandard temporary facilities.

The second project is for the first phase of the new hospital at the Naval Regional Medical Center, San Diego, Calif.

The existing hospital, which provides medical care for approximately 370,000 personnel in the San Diego Naval community, is located on a crowded site on the edge of Balboa Park. Buildings do not meet current seismic design criteria and have insufficient room for expansion. Costs of modernization and reconstruction at the present site, while trying to keep the existing hospital operational would be prohibitive. The new hospital will be constructed on a site adjacent to the existing hospital.

Last year, the House Appropriations Committee encouraged the Military Departments to seek full authorization for major facilities, with incremental funding. The Navy endorses this approach. Therefore, we are requesting full authorization for this project this year in the amount of $293 million with an appropriations request of $25 million. This first phase will provide initial site preparation, some foundations and some utilities.

POLLUTION ABATEMENT

In this year's budget, $26.3 million is requested for water pollution abatement. The Navy has made significant improvements in sanitary and industrial waste sewerage systems, ship wastewater collection ashore, oil spill prevention facilities, air emission improvements, and solid waste disposal systems with the $595 million of authority and appropriations provided since 1968. We have brought 99 percent of our air emissions into compliance, eliminated all open dumps, and increased our shore establishment's sanitary waste secondary treatment from 62 percent to over 90 percent. The fiscal year 1981 pollution abatement request includes $10 million for oil spill prevention facilities, $10 million for sanitary sewerage systems, and $5 million for pier sewers. It is estimated that $40 million annually over the next 5 years will be required to allow the Navy to comply with existing and proposed laws. Areas which will receive attention as Environmental Protection Agency and State regulations are finalized include pretreatment of toxic wastes, hazardous waste disposal facilities, solid waste recycling facilities and industrial waste pretreatment facilities.

ENERGY CONSERVATION

The energy conservation investment program provides for refit of existing facilities to: (1) Minimize energy loss; (2) use the latest energy saving materials and equipment; and (3) improve the efficiency of existing energy systems. The selected projects in this year's program will save the most energy for the dollar invested. The funding of these projects will contribute to meeting the goal of a 20-percent reduction in energy consumption of existing facilities by 1985, when compared with the 1975 base line. When the facilities improvements authorized through fiscal year 1980 are completed, it is estimated that thereafter these improvements will save the equivalent of 1,800,000 barrels of fuel oil annually. The $53 million requested this year will save the equivalent of approximately 350,000 barrels of fuel oil annually. This investment will result in an annual cost avoidance of approximately $10 million and will amortize the investment in 5.4 years.

OCCUPATIONAL SAFETY AND HEALTH CONSTRUCTION

We are requesting $14.6 million for continuation of the Naval occupational safety and health program. Surveys have identified additional deficiencies in occupational safety and health standards, and these surveys are continuing to refine and validate specific requirements. It is estimated that at least $25 million per year in military construction funds and another $15 million in operations and maintenance and other procurement funds will be required over the next 5 years to correct the deficiencies that are being identified.

BACHELOR HOUSING

The Navy is placing greater emphasis on the provision of habitable spaces for enlisted personnel with a request of $42.9 million this year for 2,647 spaces. Providing modern, semi-private or private accommodations for enlisted personnel during their years on shore duty, is a clear signal of interest in their welfare. When compared to living in an open-bay barracks, these accommodations will make a service career more attractive. In fiscal years 1977 and 1978, funding for bachelor enlisted spaces averaged $15 million. In fiscal years 1978 and 1979, funding averaged $35 million for bachelor enlisted spaces. Over the next 4 years, it is expected that $50 million or greater will be requested for bachelor enlisted spaces.

SUMMARY

The Navy's fiscal year 1981 military construction budget is structured to achieve an appropriate balance between missions of the Navy, enhancing people program objectives, and providing a contribution to the solution of national energy and environmental problems.

SUPPLEMENT NO. 1

MILITARY CONSTRUCTION BY MISSION

[Dollar amounts in thousands]

	Navy			Marine Corps			Total		
	Number of bases	Amount	Percent	Number of bases	Amount	Percent	Number of bases	Amount	Percent
Strategic forces (101)	3	$47,070	6.7				3	$47,070	6.7
General purpose forces: General purpose (202)	15	119,210	17.0	9	$77,780	11.1	24	196,990	28.0
Auxiliary forces	11	35,887	5.1				11	35,887	5.1
Intelligence and communications (303)	(6)	(10,147)	(1.4)						
Research and development (306)	(5)	(25,740)	(3.7)						
Mission support forces	19	113,230	16.1				19	113,230	16.1
Strategic (401)	(1)	(2,910)	(.4)						
General purpose forces (402)	(18)	(110,320)	(15.7)						
Central support forces	47	199,553	28.4	2	13,030	1.9	49	212,583	30.2
Supply and maintenance (507)	(26)	(119,333)	(17.0)				(26)	(119,333)	(17.0)
Training, medical and other personnel programs (508)	(21)	(80,220)	(13.3)		(13,030)		(23)	(93,250)	(13.3)
Training	(14)	(30,360)	(4.3)	(2)	(13,030)	(1.9)	(16)	(43,390)	(6.2)
Medical	(7)	(49,860)	(7.1)				(7)	(49,860)	(7.1)
Total	95	514,950	73.3	11	90,810	12.9	106	605,760	86.1
Exigent minor construction								21,500	3.1
Continuing authority								75,740	10.8
Total fiscal year 1981 appropriations request								703,000	100.0

SUPPLEMENT NO. 2

MISSION AND MAJOR COMMAND PROGRAMS

Major command	Strategic forces (101)	General purpose (202)	Auxiliary		Mission support		Central support			Total (thousands)
			Intelligence and communications (303)	Research and development (306)	Strategic (401)	General purpose (402)	Supply and maintenance (507)	Training (508)	Medical (508)	
Marine Corps		77,780						13,030		$90,810
ONR				7,300						7,300
CNO	34,160					32,070		100		66,330
CINCLANTFLT		89,480				51,360				140,840
CINCPACFLT		29,730				26,780	7,090			63,600
CNET								30,260		30,260
BUMED									49,860	49,860
CNM	12,910			18,400	2,910	110	112,243			146,613
TELCOM			8,477							8,477
NSGC			1,670							1,670
Total	47,070	196,990	10,147	25,740	2,910	110,320	119,333	43,390	49,860	605,760
Exigent minor construction										21,500
Continuing authority										75,740
Total fiscal year 1981 appropriations request										703,000

SUPPLEMENT NO. 3

FISCAL YEAR 1981 MILITARY CONSTRUCTION PROGRAM AUTHORIZATION SUMMARY BY MAJOR COMMAND

[Dollar amounts in thousands]

Major command	Budget request	Percent of program	Minor construction	Pollution abatement	Energy conservation	OSH
Inside the United States:						
Marine Corps	$89, 600	10. 0	($1, 210)	($930)	($10, 680)	($430)
Office of Naval Research	7, 300	. 8	(0)	(0)	(7, 300)	(0)
Chief of Naval Operations	37, 550	4. 2	(580)	(0)	(480)	(890)
Commander in Chief, Atlantic Fleet	75, 750	8. 4	(1, 100)	(450)	(2, 400)	(0)
Commander in Chief, Pacific Fleet	46, 330	5. 2	(150)	(6, 800)	(6, 190)	(0)
Naval education and training	28, 640	3. 2	(1, 620)	(0)	(1, 150)	(360)
Bureau of Medicine and Surgery	316, 000	35. 2	(1, 860)	(0)	(1, 860)	(0)
Chief of Naval Material	146, 023	16, 3	(3, 290)	(9, 010)	(21, 240)	(12, 430)
Naval Security Group Command	1, 150	. 1	(260)	(0)	(0)	(260)
Subtoal	748, 343	83. 4	(10, 070)	(17, 190)	(51, 300)	(14, 370)
Outside the United States:						
Chief of Naval Operations	28, 200	3. 1	(0)	(0)	(0)	(0)
Commander in Chief, Atlantic Fleet	63, 300	7. 0	(690)	(9, 100)	(210)	(0)
Commander in Chief, Pacific Fleet	19, 757	2. 2	(490)	(0)	(1, 490)	(0)
Naval Telecommunications Command	5, 500	. 6	(0)	(0)	(0)	(0)
Naval Security Group Command	0	0	(260)	(0)	(0)	(260)
Subtotal	116, 757	12. 9	(1, 440)	(9, 100)	(1, 700)	(260)
Total	865, 100	96. 3	[1] (11, 510)	[2] (26, 290)	[2] (53, 000)	[3] (14, 630)
Minor construction	[4] 33, 010	3. 7				
Specified	(11, 510)	(1. 3)				
Exigent	(21, 500)	(2. 4)				
Grand total	898, 110	100. 0				

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[1] Total minor construction, including minor pollution abatement, energy conservation and OSH projects.

[2] Total pollution abatement and energy conservation including minor construction projects.

[3] Occupational safety and health projects, including minor construction.

[4] Total for minor construction. Amounts are not included in major command totals. All minor construction is included under a composite minor construction project.

Note: Figures in parenthesis do not add.

SUPPLEMENT NO. 4

FISCAL YEAR 1981 MILITARY CONSTRUCTION PROGRAM AUTHORIZATION SUMMARY BY FACILITIES CATEGORIES

[Dollar amounts in thousands]

Description	Navy	Marine Corps	Total	Percent of program	Minor construction	Pollution abatement	Energy conservation	OSH
Operational	$71, 247	$9, 430	$80, 677	9. 0	($1, 510)	($4, 330)	($120)	($520)
Training	21, 340	2, 900	24, 240	2. 7	(1, 140)	(0)	(0)	(890)
Maintenance and production	103, 220	3, 940	107, 160	11. 9	(1, 600)	(0)	(8, 040)	(6, 370)
R.D.T. & E	17, 500	0	17, 500	1. 9	(0)	(0)	(7, 300)	(0)
Supply	22, 900	0	22, 900	2. 6	(1, 310)	(3, 900)	(1, 860)	(5, 950)
Medical	316, 000	0	316, 000	35. 2	(1, 590)	(0)	(1, 590)	(0)
Administrative	12, 410	0	12, 410	1. 4	(1, 370)	(0)	(1, 480)	(900)
Housing and community facilities	61, 480	50, 700	112, 180	12. 5	(1, 560)	(450)	(2, 940)	(0)
B housing	(44, 260)	(49, 600)	(93, 860)	(10. 5)	(710)	(0)	(2, 540)	(0)
C support	(17, 220)	(1, 100)	(18, 320)	(2. 0)	(850)	(450)	(400)	(0)
Utilities	110, 753	12, 700	123, 453	13. 7	(1, 430)	(17, 610)	(29, 670)	(0)
Real estate	48, 580	0	48, 580	5. 4	(0)	(0)	(0)	(0)
Total	785, 430	79, 670	865, 100	96. 3	[1] (11, 510)	[2] (26, 290)	[2] (53, 000)	[3] (14, 630)
Minor construction			[4] 33, 010	3. 7				
Specified			(11, 510)	(1. 3)				
Exigent			(21, 500)	(2. 4)				
Grand total			898, 110	100. 0				

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[1] Total minor construction, including minor pollution abatement, energy conservation and OSH projects.

[2] Total pollution abatement and energy conservation including minor construction projects.

[3] Occupational safety and health projects, including minor construction.

[4] Total for minor construction. Amounts are not included in major command totals. All minor construction is included under a composite minor construction project.

Note: Figures in parenthesis do not add.

Admiral ISELIN. The authorization request for the Navy this year is $898.1 million in new authority. For comparison, the fiscal year 1980 authorization was $489.6 million. The appropriations request is $703 million in new obligational authority. For comparison, the fiscal year 1980 appropriation was $567 million. The majority of the authorization increase results from seeking full authorization of $293 million for the San Diego hospital project. The appropriation request for the San Diego hospital is $25 million.

First, I have some brief comments on topics of special interest to the subcommittees.

CURRENT INFLATION RATES

The current inflation rate affects construction as well as the rest of the economy and we can make some gains by advancing the bidding and award times of as many of our projects as possible, thereby holding down construction costs to some extent. By initiating design early we have been able to advance bidding and construction contract award dates over the award rates of the last several fiscal years. For example, we were able to place 91 percent of the projects in our fiscal year 1979 program under contract within that fiscal year. I consider this a very significant achievement and my engineering field division personnel have been commended for their performance. The Congress has expected benefits to accrue from earlier design and these benefits are being realized.

The Navy is concerned with the size of the military construction backlog and it has for several years been exploring the best means of achieving the funding required for military construction. This exploration has taken several forms. One procedure being employed is to develop program objectives for each major category of facilities from an analysis of the military construction backlog. This facilities category objectives approach looks at long-term goals.

In recent years the Navy has approached construction program and budget formulation by analyzing cost of ownership which involves a recognition of a finite life expectancy for various facilities, a need to maintain them in a condition that permits their longest functional use, and to replace or modernize them at the appropriate time.

The cost of ownership analysis and the facilities categories program objectives development are both used as tools to determine how best to apportion the Navy's annual resources to the various authorization and funding requests sent to Congress.

TRADE-OFFS

An optimum program is developed by a series of trade-offs. For example, in air warfare, decisions are made on how much of the program to allocate to aircraft, missiles, carriers, repairs, plant maintenance, replenishment spares, avionics equipment, and military construction. A decision to program resources to military construction to build a new maintenance hangar is a decision to defer another competing requirement.

The Navy uses this system for developing its military construction requirements and considerable management attention is directed to achieving an appropriate allocation of funds to both military construction and facilities maintenance. Although we believe we have a good system, we are continuing our efforts to improve it to assure that military construction requirements are properly evaluated during internal decisionmaking actions.

BACKLOG OF SHIPYARD MODERNIZATION

Interest has been expressed over the last several years in the shipyard modernization program. The Navy is acutely aware of the benefits to be derived from the modernization of the eight naval shipyards and continues to examine the program in light of competing requirements. In the shipyard modernization program, emphasis will be placed on facilities to keep pace with repair and overhaul demands of new ships; to keep the shipyards' physical plants functioning, with particular attention to 40-year-old powerplants and utility systems that must be replaced; and to enhance the productivity of the civilian work force. However, the time needed to program the $1.5 billion backlog still remaining in the shipyard modernization program is now expected to extend into the 1990's. If funds allocations permit, the shipyard modernization program will be accelerated.

The budgeted amount by mission, major command and facilities category are provided in a supplement to my statement. Since many installations have more than one mission, the installations and their projects are identified by their primary mission.

Mr. Chairman, that concludes the review of those topics of special interest. The remainder of my statement is provided for the record. In summary, this year's budget request is structured to achieve a balance between missions of the Navy, enhancing people program objectives, and providing a contribution to the solution of national energy and environmental problems. Though an improvement over last year, it is still an extremely austere budget and we ask your support of the full request.

Senator **HUDDLESTON**. Thank you, Admiral.

Admiral **ISELIN**. You're welcome, Senator.

Senator **HUDDLESTON**. General Trundy?

STATEMENT OF R. T. TRUNDY, BRIGADIER GENERAL, USMC, DIRECTOR, FACILITIES AND SERVICES DIVISION, OFFICE OF THE DEPUTY CHIEF OF STAFF (INSTALLATIONS AND LOGISTICS)

General **TRUNDY**. Good morning, Mr. Chairman, members of the committee. I am pleased to have the opportunity to review the Marine Corps' portion of the Department of the Navy's military construction budget.

Before discussing the details of our request, I would like to express the sincere appreciation of the Marine Corps for the strong support of this committee provided during the review of the fiscal year 1980 budget request. The addition of the unaccompanied enlisted personnel housing project at the recruit depot at Parris Island, S.C., and the maintenance project at the Cherry Point, N.C., air station will allow vitally needed projects previously unprogramed due to constrained resources to be included in the Marine Corps future budget requests.

The Marine Corps' request for military construction authorization for fiscal year 1981 totals $78,770,000. To this is added the Navy's request of $12,040,000 in support of pollution abatement, energy conservation and safety projects at Marine Corps shore activities, bringing the total requests in support of Marine Corps requirements to $90,810,000.

Over the recent years my predecessors have testified to the ongoing policy of the Commandant of the Marine Corps to direct the majority of his available construction funds to improving the quality of life for our marines. Changes in projected funding levels have caused varying degrees of optimism expressed before this committee in the past with respect to satisfying the backlog of requirements for adequate housing and personnel support facilities.

This year our forecasts are again discouraging. Our funding requirements continue to grow due to the ravages of inflation in spite of the continued support of this committee. To partially offset this growth, the Marine Corps military construction budget request has increased from $59,200,000 in fiscal year 1980 to the $78,770,000 requested this year. However, based on projected funding levels we still estimate that it will be over 10 years before the unaccompanied enlisted personnel housing backlog is reduced to a manageable level. Accordingly, nearly 63 percent of the Marine Corps' request is dedicated to the improvement of the quality of life of our marines and to the reduction of the number of marines living in inadequate housing. This request contains projects for replacing or modernizing unaccompanied enlisted personnel housing and one dining facility at six Marine Corps installations at a cost of $49,600,000. These projects will provide adequate living spaces for 3,060 unaccompanied enlisted marines.

A 455-SEAT CHAPEL

We are also requesting a 455-seat chapel to support multifaith religious activities of recruits and permanent personnel at Marine Corps Base, Camp Pendleton, Calif., in the amount of $1,100,000. In addition, our request contains $13,870,000 for four maintenance facilities to improve the quality of the marines' working environment and enhance the combat readiness of our corps.

HIGH-SPEED REFUELING SYSTEM

We are requesting $11,900,000 for three operational and training projects. Of significant interest is a project at Marine Corps Air Station, Cherry Point, N.C., in the amount of $8,500,000 to provide an up-to-date aircraft high speed refueling system. This project will satisfy the turn around time requirements for strategic airlift which will in turn greatly enhance the strategic mobility of our east coast Marine forces. The remaining two projects for operations and training will construct an F–18 training facility at Marine Corps Air Station, El Toro, Calif., and a transmitter facility at Marine Corps Air Station (Helicopter), New River, N.C.

A utilities improvement project at Marine Corps Base, Camp Pendleton, Calif., for $1,600,000 and a fire alarm system project at

Marine Corps Air-Ground Combat Center, Twentynine Palms, Calif., for $700,000 complete the Marine Corps request for military construction authorization.

Mr. Chairman, our fiscal year 1981 program reflects our concerted effort to apply in a balanced manner limited construction dollars against a list of urgent requirements far in excess of those limited dollars.

We are continuing to emphasize improvements in the quality of life for our Marines in the areas of unaccompanied enlisted personnel housing, dining, and religious facilities. Since the buildings our Marines work in also impact on quality of life as well as their efficiency and productivity, we have included urgently needed repair facilities: operational and training requirements obviously must be accommodated; and of course those unglamorous but nonetheless essential base utility projects must be undertaken. Gentlemen, I earnestly solicit your support for the Marine Corps military construction program request for fiscal year 1981.

I will be happy to answer any questions from the committee.

Senator HUDDLESTON. Thank you.

General Gilbert?

STATEMENT OF WILLIAM D. GILBERT, MAJOR GENERAL, USAF, DIRECTOR, ENGINEERING AND SERVICES HEADQUARTERS, U.S. AIR FORCE

General GILBERT. Mr. Chairman, I, too, will summarize my statement and file the full statement for the record.

Senator HUDDLESTON. Without objection, your prepared statement will be included in the record.

[The prepared statement follows:]

PREPARED STATEMENT OF MAJ. GEN. WILLIAM D. GILBERT, DIRECTOR OF ENGINEERING AND SERVICES, U.S. AIR FORCE

Mr. Chairman, it is a pleasure to appear before this joint session of your committees to present the Air Force fiscal year 1981 military construction program.

The primary objective of this program is to support the force structure and readiness goals as presented by the Air Force Chief of Staff in his annual report to the 2d session of the 96th Congress. The bills now before your committees request authorization and appropriations to the Air Force for new construction with major subdivisions as follows:

[In thousands of dollars]

	Authorization	Appropriations
Regular military construction	619,690	815,300
Military family housing	75,690	75,690
Guard/Reserve construction	99,225	112,800
Total	794,605	1,003,790

My comments today address only the funds requested for the regular military construction program. Family housing and Reserve Forces construction will be covered separately in accordance with the usual practice of your committee. This year's request builds on programs we have initiated in the past, and that we plan to continue in the future.

Before going into a discussion of details of our request, I would like to briefly cover some of the programs in which your committees and others in Congress have expressed an interest.

SPACE TRANSPORTATION SYSTEM

This is the third year we are requesting funds in support of the National Space Transportation System (STS). Over the past 2 years, your committees have approved STS facility projects at Vandenberg AFB, Calif., the Johnson Space Center, Tex., and Cape Canaveral AFS, Fla. We appreciate the support you have given us in this effort.

Our construction program this year includes projects at Vandenberg and Port Hueneme, Calif., and Cape Canaveral and Cape Kennedy, Fla. The work at Port Hueneme is for a solid rocket booster retrieval facility to permit transferring spent boosters from barges to land facilities for disassembly so they can be refurbished and used again. The projects at Cape Canaveral and Cape Kennedy are required for processing DOD payloads and for the protection of classified DOD missions due to begin in early 1983 at the Kennedy Space Center.

The STS program continues toward an initial operational capability (IOC) date at Vandenberg of December 1983, as we reported to you during last year's hearings. This date has been established to allow us to accommodate the technical and schedule risk associated with our program for shuttle use, while meeting firm Vandenberg DOD and NASA launch needs.

To meet the IOC, which will initially provide capability for about 10 launches per year, an estimated $14.3 million in construction will also be required in the fiscal year 1982 program. In future fiscal years we will request facilities to increase the launch rates at Vandenberg to a maximum of 20 per year. We estimate that by the end of fiscal year 1983, the total Air Force construction cost for Space Shuttle will be approximately $366 million.

M–X

Considering current events around the world, no other time than the present is more vital for the United States to maintain a strategic deterrence to offset the increased vulnerability of our current land-based fixed-silo ICBM's. A major step in providing us that deterrent force is the M–X and, therefore, we bring to you our second increment of projects for the M–X weapon system in this year's program.

As the 1st session of the 96th Congress drew to a close, we received your support for $57 million to construct M–X test facilities at Vandenberg AFB, Calif. These funds were in addition to $5.4 million approved for alteration of engine test cells at Arnold Engineering Development Center, Tenn., to be used for altitude testing of the motors for the second, third and fourth stages of the missiles.

This year, our program includes the next phase of $17.1 million for additional facilities at Vandenberg required in the initial flight testing of the missile. The projects comply with the Stevens amendment in that they will not commit us to a particular basing mode. Additional facilities will be required at Vandenberg to provide fully integrated flight testing for the research and development program and the follow-on operational test program. These future projects are estimated at $29 million and will be included in our fiscal year 1982 and 1983 requests.

Mr. Chairmen the overall M–X program is indeed a multiyear program. Our construction request for operational facilities will be phased over the next several years. The schedules we have set present us with the challenge of the 1980's. We intend to meet this challenge by undertaking an aggressive design program beginning this calendar year to insure M–X facility designs are far enough along so we can present you with our best estimates of our future construction dollar needs. However, I must caution the committee that because of the concurrence in the program, there will be changes required in both design and construction. This will be especially true as the program is further developed and we get closer to the IOC. Notwithstanding these changes, our plan is, as it is with other programs, to phase the M–X program over several fiscal years to insure that funds can be obligated in the year appropriated. With the continued support of your committees, we will see these goals through to their successful completion.

READINESS

NATO.—Our readiness program in Europe is considerably more austere this year than in the past. One of the reasons for this is that we are looking to our NATO partners for an increasing share of our readiness construction, which means less U.S. national prefinancing. This trend is evidenced by the 100-percent increase in the DOD Defense agencies' portion of this year's military construction request for the U.S. share of NATO infrastructure funding.

Notwithstanding such a large increase in infrastructure funding, we do find it necessary to request congressional approval to prefinance certain readiness facilities, and we do not see a complete end to this need in the foreseeable future. In this regard, our fiscal year 1981 request includes $19.9 million in prefinancing for a new weapon system beddown and $1.6 million for a continuation of the collocated operating base (COB) program, which is proposed for U.S. funding.

The $19.9 million is for operational facilities to bed down the first three flights of the ground launch cruise missile (GLCM). Prefinancing of this request is required because these projects are time sensitive and although NATO direct funding is possible, it is not responsive to the initial mission need date. The GLCM is a vital addition to our theater nuclear force, and the system requires protection from a preemptive attack as it is deployed in theater.

We anticipate GLCM required facilities in Europe will cost approximately $370 million, which includes the $19.9 million requested in this year's program. We expect the alliance to fund the operational facilities costing about $270 million. These will be the hardened shelters, maintenance and storage space, munitions storage, security facilities, fuel storage, command post and required utilities. The remaining costs are for supporting facilities that are the responsibility of the using nation and include unaccompanied personnel housing, dining halls, administrative facilities, clinics and the like. We anticipate the first increment of the necessary base support work to be included in our fiscal year 1982 request. Your support of this vital program is requested.

Pacific.—Our fiscal year 1981 request for projects in the Pacific is an aggressive program which builds on last year's request for enlarging and modernizing operational and logistics facilities in the Pacific theater.

Our readiness program in Korea for $31.7 million includes $5.9 million for jet fuel storage facilities at Kwang-Ju AB; $7.8 million for quick turn facilities, $590 thousand for a dangerous Cargo pad, and $9 million to alter aircraft shelters at Osan AB; $1.2 million for space track site support and $7.2 million for jet fuel storage at Taegu AB. These projects in Korea complement previous readiness requests, and will provide the combat capability for our in-place and augmentation Forces during times of conflict.

Our Korean readiness program continues to stress host nation participation along with the continued commitment of the U.S. Air Force. In this regard, the Government of Korea is carrying out its commitment on projects for our use.

At other locations in the Pacific, our program includes $2.2 million for an assault landing strip at Clark AB, Philippines and $6.7 million for additional jet fuel storage at Kadena AB, Okinawa, Japan. This is phase 1 of a multiphase program that we will bring to you over the next few years. Also at Kadena we are requesting $2.8 million for the upgrade of a taxiway and $830 thousand for the installation of airfield lighting. This latter project is essential to safe aircraft operations at Kadena AB.

Finally, our Pacific program includes several operational and support facilities totalling $18.3 million at Camp Zama and Misawa AB, Japan; Clark AB, Philippines; and Kunsan AB in Korea.

Mr. Chairmen, these European and Pacific requirements, in conjunction with existing facilities available at our main as well as dispersal bases, are needed to enhance the readiness posture of our tactical forces. They are necessary to improve our capability to survive and respond to an attack in these areas.

CRUISE MISSILE

Our request includes the second increment of projects supporting the air launch cruise missile (ALCM) program. Begun in fiscal year 1980, this program counters the pressure of Soviet air defense deployment. Included in this year's request is $66.2 million for facilities at Ellsworth, Grand Forks, Griffiss and Wurtsmith AFBS to accommodate the buildup of ALCM wings. The projects are required for receipt, checkout, maintenance, storage, test and evaluation of the missile at these four locations.

NEW MISSIONS AND MISSION REALIGNMENTS

We are requesting $45.6 million for facilities supporting mission and/or weapons system changes in the continental United States and overseas. $19.9 million is for the GLCM in Europe, which I discussed as part of our NATO program. The remaining facilities are required to modernize our combat forces with F-16 and AWACS aircraft.

FLIGHT SIMULATORS

Our fiscal year 1981 request includes flight simulator facilities at eight locations for $13.2 million. These projects are a continuation of an overall program to improve aircrew proficiency through the use of new training concepts. The new generation simulators will not only augment inflight training, but also permit aircrews to practice events which cannot be accomplished inflight due to safety and limited flying hours available.

NUCLEAR MUNITIONS SECURITY PROGRAM

The physical security of nuclear munitions remains one of the highest priorities in the Air Force. This year's $14.5 million program includes $10.4 million to construct new munitions storage igloos at five air force installations and $4.1 million for a previously deferred weapons security improvement project at Loring AFB, Maine. The recent decision to retain this SAC installation necessitates this project being accomplished in fiscal year 1981. It will upgrade Loring's nuclear security facilities to the standards required by current criteria.

These projects, together with other long-term measures such as electronic security systems and revised operational procedures, provide a greatly improved level of protection against any threat to our nuclear resources.

UNACCOMPANIED PERSONNEL HOUSING

Our program for $42.4 million reflects our continuing concern for the well-being of one of the Air Force's most vital assets—people. It has become painfully apparent that it is increasingly difficult to attract and retain top-quality personnel. The younger generation perceives a decline in the quality of military life and benefits. I believe we must do more to reflect the value these personnel have to the Air Force by improving the quality of living accommodations.

Therefore, Mr. Chairmen, we have developed an aggressive program to improve the living conditions of our people. This year's request builds on prior years' programs by increasing the livability standards of our unaccompanied enlisted quarters. Privacy is becoming more important to the personnel who are entering the service. While our efforts include improving privacy, we are also giving attention to enhanced energy conservation measures, utility systems improvements and structural improvements which will provide high quality living for many years to come.

With the support of your committees, we have made considerable progress in giving our people the livability and privacy they deserve. We greatly appreciate this and urge your continued support.

MEDICAL CONSTRUCTION PROGRAM

Contributing to the improved health care that our personnel receive are modern medical facilities. Our fiscal year 1981 request reflects our continuing effort to support the health care program by modernizing the facility segment of that program.

The fiscal year 1981 request for $45.8 million places emphasis on outpatient clinics and supporting ancillary functions. Included are projects to replace an outpatient facility, construct a cancer treatment facility, add to and renovate two composite medical facilities, replace two dental clinics, and upgrade the utilities and life safety deficiences at one of our hospitals.

These projects fully support our previously stated principal objective to improve our facilities to accommodate the modern practice of medicine and patient care. These are the most critical items of our medical requirements and are essential to maintain quality medical care for Air Force people.

ENERGY CONSERVATION

The Air Force energy program for fiscal year 1981 is an ambitious program. It includes efforts in alternate and backup fuel sources as well as a continuation of the very important energy conservation investment program (ECIP).

Our fiscal year 1981 ECIP builds on previous years' programs of promoting conventional energy conservation measures. We estimate the program will result in an energy cost avoidance of $10 million annually with a payback of 4.6 years. Through the ECIP we hope to reduce our facility energy consumption by 12 percent in 1985 when compared with our 1975 baseline. Projects in this program modify existing buildings making them more energy efficient. The work includes modification to mechanical and lighting systems, installation of storm windows and insulation.

The ECIP also includes $19.2 million for installation of energy monitoring and control systems (EMCS) at eight locations. We believe the EMCS is not only valuable as a means to save energy, but is an important tool in alerting management when utility systems are operating at less than peak efficiency. As we reported during last year's hearings, we were validating a recently completed independent A–E study of the energy savings capability of the EMCS at Luke AFB, Ariz. We are pleased to report that savings of up to 30 percent of the heating and air-conditioning load can be achieved with EMCS. With this as a benchmark, the EMCS projects requested in this year's program have an estimated payback of 4.6 years.

We are continuing our efforts in the use of alternate fuels. Toward this end, our fiscal year 1981 request includes $18.6 million to convert a natural gas plant to coal at Fairchild AFB, Washington. In addition, we are now burning refuse derived fuel (RDF) in combination with coal at Wright-Patterson AFB, Ohio. Where the supply of biomass and other renewable nonconventional fuel sources are economically available, we intend to pursue their use. We are also investigating the use of renewable energy resources such as solar, geothermal, and wind when economically feasible.

Mr. Chairmen, the Air Force is proud of its energy conservation program. We realize that aggressive energy conservation measures are necessary, not only to save money, but also to reduce our dependence on dwindling and increasingly costly world petroleum resources.

We plan to continue our efforts in the future and look to your support of this important national program.

ENVIRONMENTAL PROTECTION

Our fiscal year 1981 request for $12.1 million includes $6.1 million to install required air pollution control equipment on coal burning heat plants at Chanute AFB, Illinois, and Loring AFB, Maine: $2.1 million to upgrade wastewater treatment facilities at Holloman AFB, New Mexico, Moody AFB, Georgia, and George AFB, California; $2.6 million to treat the Pease AFB, New Hampshire, water supply to insure that acceptable levels of trichlorecthylene are not exceeded; $770,000 to protect the groundwater supply at Wurtsmith AFB, Michigan, from potential seepage from the fuel storage and fire training areas; and $510,000 to clean up various sources of air and water pollutants at Bergstrom AFB, Texas.

Mr. Chairman, by its nature, the environmental program must be phased over several years as criteria and standards are developed. Although our budget for this program has been limited, we have kept pace with the incremental requirements, and we plan to continue our efforts in the future until all Air Force locations are in compliance.

OCCUPATIONAL SAFETY AND HEALTH IN THE WORKPLACE

This year's program includes projects totalling $18.2 million specifically to provide safe and healthful workplaces for our employees. The program is based on the long established Air Force commitment to the principles of safety and health in the workplace that was mandated in the Occupational, Safety and Health Act of 1970. To this end, we have developed a phased plan for the identification, budgeting and funding for the correction of all known deficiencies in

Air Force workplaces. We solicit your support of this year's request and look forward to your continued support in the future.

COST ESTIMATES/PLANNING AND DESIGN

During this past year, construction costs have accelerated sharply over fiscal year 1978 such that many project design adjustments were necessary to achieve award within the amounts authorized and appropriated.

Fortunately, we have not had to make any major reductions in scope, but we have had to come to the congressional committees on a few occasions to adjust the authority and to secure clearance on fund reallocations within the applicable guidelines, in order to award these projects. We appreciate the receptiveness and understanding this committee has shown in this regard.

Because of these uncertainties at home and abroad, it is difficult to accurately predict the marketplace regardless of the percentage of design completion. Our costing methods used to develop the programs which you have before you, use data supplied from various authoritative sources. Nonetheless, predicting accuracy into the costs in some future marketplace is difficult. I'm sure in the future, as in the past, we can expect to fare well on 95 percent of our projects. I seek your continued aid in handling the 5 percent which elude our best efforts.

For planning and design in the fiscal year 1981 program, we have requested $148.9 million to complete ongoing fiscal year 1982/83 designs. Sixty-five percent or $97 million will be used as design support for the M–X missile program. The remaining thirty-five percent or $51.9 million will be used for design of normal MCP projects, and is in line with our past requirements. Adequate design funds will also place us in a position to go to the marketplace early in the fiscal year when we should expect more bidder response, lower bids and predictable savings. Again, we think this makes good economic sense and is responsive to the congress and taxpaying public, and is in consonance with our prudent management of the funds entrusted to us. We have already initiated designs using fiscal year 1980 funds on projects proposed for the fiscal year 1982 MCP valued at over $1.1 billion. As our fiscal year 1982 requirements continue to develop and fiscal guidance becomes more firm, additional designs will be authorized so we will, through a higher percentage of design, have considerable confidence in our programmed amounts when we appear before this committee next year. We feel this is a reasonable balance of design dollar risk, better cost estimates and anticipated dollar savings.

Design represents approximately one-twentieth (1/20) of the cost of the final project. While I recognize that one-twentieth still can be a sizable sum of money, the preciseness with which we can, in advance, calculate the cost of design, other than by factoring, is questionable. We believe that the 1 percent loss we have in breakage and lost design is reasonable breakage when compared to 3 percent gain in early entry into the marketplace and, therefore, is an acceptable price of doing business in construction. Without accepting some risks in design loss would increase construction execution time by three to five months, thus putting upward pressure on contract costs. At today's inflation rate for construction, this could represent a further 5 to 8 percent increase in construction costs, rather than the 1 percent decrease in design costs associated with the total design effort. We request your support of our planning and design program.

CONCLUSION

In conclusion, Mr. Chairmen, we wish to assure you and your committees that this program represents our best judgment and priority construction requirements within the confines of our budget. Capital investments are proposed only for those installations programmed to remain in the inventory.

Attached are narrative descriptions of the entire program broken out by category of facilities, by major commands and by mission elements supported for appropriations and authorization.

This concludes my prepared statement. I thank you for the opportunity to again appear before your committees. If there are any questions about our program, we will be pleased to respond as well as provide additional information as you require.

TABLE I.—*Department of the Air Force—fiscal year 1981 military construction appropriation program for the Active Forces*

[In thousands of dollars]

Section 301—Command:	
Inside the United States:	
Air Force Logistics Command	$40,410
Air Force Systems Command	62,170
Air Training Command	32,000
Alaskan Air Command	24,840
Military Airlift Command	39,820
Pacific Air Forces	580
Strategic Air Command	298,021
Tactical Air Command	40,542
Total inside the United States	538,383
Outside the United States:	
Military Airlift Command	2,300
Pacific Air Forces	62,400
U.S. Air Forces in Europe	46,267
Total outside the United States	110,967
Worldwide:	
Planning and Design (Includes M-X and Diego Garcia)	148,900
Minor Construction	16,550
Minor Land Acquisition	500
Total worldwide	165,950
Total appropriation program	815,300

TABLE II.—DEPARTMENT OF THE AIR FORCE, FISCAL YEAR 1981 MILITARY CONSTRUCTION APPROPRIATION PROGRAM, ACTIVE FORCES

	Amount (thousands)	Percent of total
SUMMARY BY FORCE PROGRAM		
Strategic forces	$323,801	39.7
General purpose forces	133,872	16.4
Intelligence and communications	22,947	2.8
Airlift	35,590	4.4
Research and development	17,650	2.2
Central supply and maintenance	38,490	4.7
Training, medical and other general personnel activities	77,000	9.4
Administration and associated activities	165,950	20.4
Total	815,300	100.0

TABLE III.—DEPARTMENT OF THE AIR FORCE, FISCAL YEAR 1981 MILITARY CONSTRUCTION APPROPRIATION PROGRAM, ACTIVE FORCES

	Amount (thousands)	Percent of total
PROGRAM BY CONSTRUCTION CATEGORIES		
Operational	$186, 297	22. 9
Training	17, 710	2. 2
Maintenance	33, 020	4. 1
Research, development and test	157, 650	19. 3
Supply	35, 650	4. 4
Hospital and medical	45, 850	5. 6
Administration	12, 100	1. 5
Personnel housing	42, 392	5. 2
Community	18, 850	2. 3
Utilities	39, 450	4. 8
Pollution	12, 070	1. 5
Energy	46, 760	5. 7
Real estate	1, 551	. 2
Support	165, 950	20. 3
Total	815, 300	100. 0

NARRATIVE CATEGORY ANALYSIS (APPROPRIATIONS)

Operational (millions) -- $186. 3

This category contains items such as taxiways, aprons, landingstrip and airfield pavements upgrade, dangerous cargo and munition upload pads, a hydrant fueling facility, communications and satellite communications ground terminals, aircraft instrument landing and navigation facilities, runway and airfield lighting projects, radar support and gap filler radar facilities, a ready crew facility, an avionics integrated support facility, an air freight processing facility and a control tower. Projects include $19.9 million for ground launched cruise missile (GLCM) support facilities at various locations in Europe, and GLCM training facilities at Davis-Monthan AFB, Arizona, for the Tactical Air Command; $66.2 million for air launched cruise missile (ALCM) facilities at Griffiss, Ellsworth, Wurtsmith, and Grand Forks Air Force Bases in the Strategic Air Command; $7.8 million for a quick turn facility at Osan AB, Korea; $9 million to alter aircraft shelters at Osan AB, Korea; and $4.6 million for an addition to a computer operations center at Offutt AFB, Nebr.

Training (millions) -- $17. 7

Training facilities included in this construction program are for flight simulator training facilities at seven locations within the U.S. for $13.2 million, training and operational facilities at Beale AFB, Calif., for $1.9 million; a marksmanship training facility and a security police training facility at Lackland AFB, Tex., for a total of $2.6 million at that location.

Maintenance (millions) -- $33. 0

The maintenance category contains facilities to support aircraft engine and munitions maintenance activities, vehicle maintenance, space track, and the base engineer real property maintenance activities. Included are new aircraft beddown facilities at Elmendorf AFL, Ark., for $5.6 million and at Shaw AFB, S.C., for $2.6 million; and an aircraft final assembly/checkout facility for $4.8 million at Robins AFB, Ga.

Research, Development, Test and Evaluation (millions) ---------------- $157. 7

This year's program includes five projects in support of the Space Transportation System. They include spacecraft integration facilities/security measures at Cape Canaveral, Fla., for $22.3 million; a solid rocket booster disassembly facility at Port Hueneme, Calif., for $16.7 million; and 3 projects at Vandenberg AFB, Calif., for logistics, airfield and maintenance facilities for $88.1 million. Also included are MX test facilities for $17.1 million at Vandenberg AFB, Calif., an integration facility for avionics systems testing at Edwards AFB, Calif., for $10.5 million; and a project to restore the test track at Holloman AFB, N. Mex., for $2.9 million.

Supply facilities (millions) $35.7

The majority of this category is for jet fuel storage at overseas locations for $19.8 million, and for munitions storage security improvements at locations within the U.S. for $10.4 million. Other supply category items include an upgrade of weapons storage and alert security facilities at Loring AFB, Maine, for $4.1 million and an addition to a warehouse at Bergstrom AFB, Tex., for $1.4 million.

Medical facilities (millions) $45.8

This year's program is directed toward the construction and modernization/upgrading of composite medical facilities and dental clinics. Included are composite medical facilities at Castle AFB, Calif., ($16.4 million), Wurtsmith AFB, Mich., ($11.6 million); and Elmendorf AFB, Ark., ($4.0 million); a cancer treatment facility at Lackland AFB, Tex., for $.8 million; a clinic/dental clinic at Hancom AFB, Mass., for $7.2 million; and dental clinics at Pope AFB, N.C., for $1.8 million, and Scott AFB, Ill.; for $4.0 million.

Administrative facilities (millions) $12.1

This year's program includes projects at eight locations for data processing facilities for $9.2 million, and a consolidated base personnel office at Pope AFB, N.C., for $2.9 million.

Personnel housing (millions) $42.4

The category contains modernization and new construction projects in recognition of a continuing need to provide suitable living accommodations for Air Force personnel. Included are construction of 1,684 new unaccompanied enlisted personnel spaces at 4 locations for $19.2 million; modernization of 2,390 existing unaccompanied enlisted personnel spaces at 8 locations for $22.7 million; and modernization of 89 visiting officers quarters spaces at Mather AFB, Calif., for $.5 million.

Community (millions) $18.8

This category includes 3 fire station projects at 3 locations for $5 million; a security police operations facility at Blytheville AFB, Ark., for $.8 million; a religious education facility at Griffiss AFB, N.Y., for $.8 million; a chapel center at Misawa AB, Japan, for $1.9 million; two gymnasium projects—$2.1 million at Brooks AFB, Tex., and $3.6 million at Camp New Amsterdam, the Netherlands; a library at Dover AFB, Del., for $1.1 million; and a personnel services center at Robins AFB, Ga., for $4.5 million.

Utilities (millions) $39.4

Included are 3 heating plant/oil backup items at 3 locations for $2.7 million; a utilities upgrade project at Incirlik, AB, Turkey, for $8.9 million; a power plant upgrade at Clark AB, Philippines, for $7.8 million; a backup power system upgrade at Buckley ANGB, Col., for $.9 million; conversion of a heating plant to coal at Fairchild AFB, Wash., for $18.6 million; and $.6 million for Homestead AFB, Fla., for a water supply project.

Pollution (millions) $12.1

This year's program includes three air pollution projects at 3 locations for $6.7 million, including a heat plant emission control project at Chanute AFB, Ill., for $4.2 million. It also includes five water pollution projects at five locations for $5.4 million, including a project at Pease AFB, N.H., to add to and alter a water treatment facility for $2.5 million.

Energy (millions) $46.8

This year's program includes a wide range of projects to support the high priority national policy of energy conservation and the long-range goal to reduce our dependence on dwindling and costly fossil fuels. We have included projects to improve heating, ventilating, air conditioning, and lighting systems; boiler plant modifications; steam and condensate systems; energy monitoring and control systems (EMCS); solar; and energy recovery systems.

Real estate (millions) $1.6

This category includes an air installation compatible use zone (AICUZ) at Blytheville AFB, Ark., for $1.4 million and a land acquisition project at Homestead AFB, Fla., for $.1 million.

Support (millions)	$165.9

This year, $165.9 million is included for minor construction at various locations, where each project cost does not exceed $500,000. $0.5 million for minor land acquisition at various locations; and $148.9 million for planning and design, which includes $97.0 million for M-X facilities.

TABLE 1.—*Department of the Air Force—fiscal year 1981 military construction authorization program for the Active Forces*

[In thousands of dollars]

Section 301: Command	
Inside the United States:	
Air Force Logistics Command	$34,830
Air Force Systems Command	62,170
Air Training Command	32,000
Alaskan Air Command	24,840
Military Airlift Command	33,070
Pacific Air Forces	580
Strategic Air Command	268,121
Tactical Air Command	36,562
Total inside the United States	492,173
Outside the United States:	
Military Airlift Command	2,300
Pacific Air Forces	62,400
U.S. Air Forces in Europe	46,267
Total outside the United States	110,967
Worldwide: Minor construction	16,550
Total authorization program	619,690

TABLE II.—DEPARTMENT OF THE AIR FORCE, FISCAL YEAR 1981 MILITARY CONSTRUCTION AUTHORIZATION PROGRAM, ACTIVE FORCES

	Amount (thousands)	Percent if total
SUMMARY BY FORCE PROGRAM		
Strategic forces	$293,901	47.4
General purpose forces	129,892	20.9
Intelligence and communications	22,947	3.7
Airlift	28,840	4.7
Research and development	17,650	2.9
Central supply and maintenance	32,910	5.3
Training, medical and other general personnel activities	77,000	12.4
Administration and associated activites	16,500	2.7
Total	619,690	100.0

TABLE III.—DEPARTMENT OF THE AIR FORCE, FISCAL YEAR 1981 MILITARY CONSTRUCTION AUTHORIZATION PROGRAM, ACTIVE FORCES

	Amount (thousands)	Percent of total
PROGRAM BY CONSTRUCTION CATEGORIES		
Operational	$179,547	28.9
Training	17,710	2.9
Maintenance	29,670	4.8
Research, development and test	127,750	20.6
Supply	35,650	5.8
Hospital and medical	45,850	7.4
Administration	12,100	1.9
Personnel housing	42,392	6.9
Community	14,350	2.3
Utilities	39,450	6.4
Pollution	12,070	1.9
Energy	45,050	7.3
Real estate	1,551	.2
Support	16,550	2.7
Total	619,690	100.0

NARRATIVE CATEGORY ANALYSIS (AUTHORIZATIONS)

Operational (millions) $179.5

This category contains items such as taxiways, aprons, landingstrip and airfield pavements upgrade, dangerous cargo and munition upload pads, a hydrant fueling facility, communications and satellite communications ground terminals, aircraft instrument landing and navigation facilities, runway and airfield lighting projects, radar support and gap filler radar facilities, a ready crew facility, an avionics integrated support facility, an air freight processing facility and a control tower. Projects include $19.9 million for ground launched cruise missile (GLCM) support facilities at various locations in Europe, and GLCM training facilities at Davis-Monthan AFB, Arizona, for the Tactical Air Command; $66.2 million for air launched cruise missile (ALCM) facilities at Griffiss, Ellsworth, Wurtsmith, and Grand Forks Air Force Bases in the Strategic Air Command; $7.8 million for a quick turn facility at Osan AB, Korea; $9.0 million to alter aircraft shelters at Osan AB, Korea; and $4.6 million for an addition to a computer operations center at Offutt AFB, Nebr.

Training (millions) $17.7

Training facilities included in this construction program are for flight simulator training facilities at seven locations within the U.S. for $13.2 million, trainnig and operational facilities at Beale AFB, Calif., for $1.9 million; a markmanship training facility and a security police training facility at Lackland AFB, Tex., for a total of $2.6 million at that location.

Maintenance (millions) $29.7

The maintenance category contains facilities to support aircraft engine and munitions maintenance activities, vehicle maintenance, space track, and the base engineer real property maintenance activities. Included are new aircraft beddown facilities at Elmendorf AFB, Ark., for $5.6 million and at Shaw AFB, S.C., for $2.6 million, and an aircraft final assembly/checkout facility for $4.8 million at Robins AFB, Ga.

Research, development, test and evaluation (millions) $127.8

This year's program includes five projects in support of the space transportation system. They include spacecraft integration facilities/security measures at Cape Canaveral, Fla., for $22.3 million; a solid rocket booster disassembly facility at Port Hueneme ,Calif., for $16.7 million; and 2 projects at Vandenberg AFB, Calif., for logistics, and maintenance facilities for $58.2 million. Also included are MX test facilities for $17.1 million at Vandenberg AFB, Calif.; an integration facility for avionics systems testing at Edwards AFB, Calif., for $10.5 million; and a project to restore the test track at Holloman AFB, N. Mex., for $2.9 million.

Supply facilities (millions) $35.6

The majority of this category is for jet fuel storage at overseas locations for $19.8 million, and for munitions storage security improvements at locations within the U.S. for $10.4 million. Other supply category items include an upgrade of weapons storage and alert security facilities at Loring AFB, Maine, for $4.1 million and an addition to a warehouse at Bergstrom AFB, Tex., for $1.4 million.

Medical facilities (millions) $45.9

This year's program is directed toward the construction and modernization/upgrading of composite medical facilities and dental clinics. Included are composite medical facilities at Castle AFB, Calif. ($16.4 million); Wurtsmith AFB, Mich. ($11.6 million); and Elmendorf AFB, Ark. ($4.0 million); a cancer treatment facility at Lackland AFB, Tex., for $.8 million; a clinic/dental clinic at Hanscom AFB, Mass., for $7.2 million; and dental clinics at Pope AFB, N.C., for $1.8 million, and Scott AFB, Ill., for $4.0 million.

Administrative facilities (millions) $12.1

This year's program includes project at 8 locations for data processing facilities for $9.2 million, and a consolidated base personnel office at Pope AFB, N.C., for $2.9 million.

Personnel housing (millions) $42.4

The category contains modernization and new construction projects in recognition of a continuing need to provide suitable living accommodations for Air Force personnel. Included are construction of 1,684 new unaccompanied enlisted personnel spaces at 4 locations for $19.2 million; modernization of 2,390 existing unaccompanied enlisted personnel spaces at 8 locations for $22.7 million; and modernization of 89 visiting officers quarters spaces at Mather AFB, Calif., for $.5 million.

Community (millions) $14.4

This category includes 3 fire station projects at 3 locations for $4.0 million; a security police operations facility at Blytheville AFB, Ariz., for $.8 million; a religious education facility at Griffiss AFB, N.Y., for $.8 million; a chapel center at Misawa AB, Japan, for $1.9 million; two gymnasium projects—$2.1 million at Brooks AFB, Tex., and $3.6 million at Camp New Amsterdam, the Netherlands; and a library at Dover AFB, Del., for $1.1 million.

Utilities (millions) $39.4

Included are 3 heating plant/oil backup items at 3 locations for $2.7 million; a utilities upgrade project at Incirlik AB, Turkey, for $8.9 million; a power plant upgrade at Clark AB, Philippines, for $7.8 million; a backup power system upgrade at Buckley ANGB, Colo., for $.9 million; conversion of a heating plant to coal at Fairchild AFB, Wash., for $18.6 million; and $.6 million for Homestead AFB, Fla., for a water supply project.

Pollution (millions) $12.1

This year's program includes 3 air pollution projects at 3 locations for $6.7 million, including a heat plant emission control project at Chanute AFB, Ill., for $4.2 million. It also includes 5 water pollution projects at 5 locations for $5.4 million, including a project at Pease AFB, N.H., to add to and alter a water treatment facility for $2.5 million.

Energy (millions) $45.1

This year's program includes a wide range of projects to support the high priority national policy of energy conservation and the long-range coal to reduce our dependence on dwindling and costly fossil fuels. We have included projects to improve heating, ventilating, air conditioning, and lighting systems; boiler plant modifications; steam and condensate systems; energy monitoring and control systems (EMCS); solar; and energy recovery systems.

Real estate (millions) $1.6

This category includes an air installation compatible use zone (AICUZ) at Blytheville AFB, Ariz., for $1.4 million and a land acquisition project at Homestead AFB, Fla., for $.1 million.

Support (millions)	$16.5

This year, $16.5 million is included for minor construction at various locations, where each project cost does not exceed $500,000.

General GILBERT. It is again a pleasure to appear before this joint session of your committees to present the Air Force military construction authorization and appropriation programs for fiscal year 1981. Our program supports the force structure and readiness goals as presented in the Air Force Chief of Staff's annual report to the second session of the 96th Congress.

This year's request consists of projects throughout the United States and overseas totalling $619.7 million in authorization and $815.3 million in appropriations. It builds on programs we have initiated in the past, and it also includes the start of new programs, some of which will continue in the future.

I would briefly like to highlight a few of the larger and more important programs and projects at this time.

SPACE AND TRANSPORTATION SYSTEM (STS) PROGRAM

This is the third year we are requesting funds for the space transportation system [STS] program. We feel it is essential to the Nation's role in space exploration and defense. Our request provides essential space shuttle support facilities at Vandenberg Air Force Base, Calif., and Port Hueneme, Calif., and Cape Canaveral/Cape Kennedy, Fla. These projects are essential to the launch of DOD payloads from Kennedy to meet the IOC date of December 1983.

M–X MISSILE

The M–X missile system is considered the highest Air Force priority in the fiscal year 1981 budget request. To support this priority program, we bring to you our next phase of M–X facility requirements for $17.1 million at Vandenberg Air Force Base. These projects comply with the Stevens amendment in that they do not commit us to a particular basing mode. Mr. Chairman, since the M–X program is a multiyear effort, we plan on phasing our requests over the next several years. We are undertaking an aggressive criteria development, planning and design program beginning this year to insure that these efforts are far enough along so we can present you with our best estimates for future construction needs. However, because of the concurrency in the program, changes will be required in both design and construction, especially as we approach the IOC. We solicit your support in order that this program becomes a successful and speedy operational system.

READINESS IN EUROPE

Readiness in Europe for fiscal year 1981 is an austere program, since we are looking ot our NATO partners for an increasing share of our readiness construction. The major part of our European readiness request is for $19.9 in prefinancing for operational facilities to beddown the first three flights of the ground launch cruise missile. Prefinancing is required because the projects are time sensitive and NATO direct funding cannot be responsive to the initial deployment mission date.

READINESS IN PACIFIC

Readiness in the Pacific continues to build on last year's request for enlarging and modernizing operational and logistics facilities in that part of the world. Our Korean program is for $30.5 million and continues to stress host nation participation along with the continued commitment of the U.S. Air Force. Our Pacific request also includes essential projects in Japan, the Philippines and Okinawa.

AIR LAUNCH CRUISE MISSILE SYSTEM

Another key defense program is the air launch cruise missile system. Our fiscal year 1981 request for $66.2 is the second increment of projects needed to counter the pressure of Soviet air defense deployment. ALCM facilities will be constructed at Ellsworth, Grand Forks, Griffiss, and Wurtsmith Air Force bases.

Our medical program reflects our continuing efforts to maintain quality medical care for Air Force people. At $45.9 million, our fiscal year 1981 request places emphasis on out-patient clinics and supporting ancillary functions.

ENERGY CONSERVATION

Finally, our energy conservation request is an ambitious program that includes alternate and backup fuel sources, as well as a continuation of the energy conservation investment program. Through the ECIP we plan to reduce our facility energy consumption by 12 percent in 1985 when compared with our 1975 baseline. We are also continuing our efforts in the use of alternate and renewable fuels, such as coal conversions, refuse derived fuel, biomass, solar, geothermal, and wind. Our approach to these latter, nonconventional fuel sources is cautious and will only be undertaken where economically feasible and where an assured supply is available.

Thank you for the opportunity to appear before your committees. A complete and detailed statement for authorization and appropriations has been provided for the record, and now I am ready to provide any additional information required by your committees. Thank you very much.

Senator HUDDLESTON. Thank you very much.

COST OVERRUNS

First, some general questions on the impact of inflation. Do you have any figures on the extent to which you are experiencing cost overruns on your projects?

Mr. FLIAKAS. Yes, sir. Generally our experience has been in the last several years where about 60 percent of the projects awarded have been at or below the estimate and about 40 percent above the programed amount.

Now we further quantify that or identify that with 40 projects in 1979 that exceeded the 25 percent cost variation authority. Those projects were then submitted to the Armed Services Committees for approval and reprograming action was initiated to apply the funds.

Senator HUDDLESTON. Is that 40 in excess of 25 percent?

Mr. **Fliakas**. No, sir, only 40 projects, which is roughly 4 or 5 percent of the total program that exceeded 25 percent. In prior years, particularly 1978 and prior, our awards used to run about 85 to 88 percent of the programed amount and that left sufficient funds to provide for claims or contingencies and even some reprogramings for emergency construction.

In 1979 the average was 98 percent of the programed amount so we are up against it. As a consequence, we have indicated that the program is underfunded.

Senator **Huddleston**. You have not had any programs that were 25 percent under the programed amount?

Mr. **Fliakas**. We have had some good bids but particularly in 1979, no. There may have been some sporadic ones but we have noted in our analyses that where we used to get 7 to 10 bids a project, we are lucky now to get 4 bids per project so the competition is not there which has resulted in higher cost.

Senator **Huddleston**. Is there any chance that the assumptions that we make as to the rising cost of construction actually contribute to that rising cost?

Mr. **Fliakas**. Well, it is for that very reason, and this is direction from the Office of Management and Budget and our own controller office, that we do not estimate beyond a realistic inflation amount. We know as a result that we may be underfunded but the old budget adage that if you budget for inflation you are going to get it has caused us to hold those estimates to what we consider realistic. In the 1981 program we have included an inflation factor of 9 percent.

NATO INFRASTRUCTURE RECOUPMENT

Senator **Huddleston**. Nine percent.

Turning to the request for the ground launched cruise missile in Europe, $19.9 million, is it a certainty that that will become infrastructure eligible and that we can expect recoupment?

Mr. **Fliakas**. Yes, sir. I will ask General Gilbert to comment, but that is the only project that is reflected for prefinancing in the 1981 program and I think it makes good our promise to the committees that we would be very selective and that we would hold those cases of prefinancing to an absolute limit. This is based on operational dates that cannot be met through the infrastructure program but to answer your question, yes, it is intended that follow-on construction requirements will be funded through the infrastructure program.

Senator **Huddleston**. Not only the follow-on, but will we get reimbursement?

Mr. **Fliakas**. Yes.

General **Gilbert**. We will file for recoupment and we expect to get that in full, Mr. Chairman, in this year's program. We fully expect that all operational construction requirements for follow-on locations will be funded from the NATO infrastructure program and we have nothing whatsoever up to this point to indicate anything different.

NEW MISSIONS

Senator **Huddleston**. This year we have some new requirements in our commitments or what we perceive as our commitments. I am thinking specifically about what we hear regarding an increased presence in the Persian Gulf-Indian Ocean area. We will address those of course later in a closed session.

But as these new requirements come along, what do they do to the needs that already exist for such things as improved housing, upgrading of present facilities, better training facilities? This budget reflects an increase for these facilities, but have we, do you think, fully accommodated these needs as well as programed for the new requirements?

Mr. **Fliakas.** Mr. Chairman, we intend to program these new mission requirements above the line, so to speak, so that we do not encroach or divert necessary funds for the modernization, the replacement and the deficiency that we now have to meet our current missions. The truth of the matter is that there is no question but that these added requirements because of the necessity to give them a high priority, have indeed impacted on the size of the construction program in the past.

Now to carry this, for example, into the 5-year program, the M-X missile system because of its magnitude and priority will decidedly and markedly increase the military construction program. At the moment we are carrying it as an added requirement and I would hope that what you say is not going to happen but in the past it has.

Senator **Huddleston.** We have the M-X and the Space Shuttle and now we have facilities requirements at various places we didn't have even a few months ago. We do have an increased budget request this year but it concerns me as to whether or not we exacerbate the backlog of our facilities within this country and its existing bases, as these new missions, new requirements come along.

Mr. **Fliakas.** Last year I indicated to Senator Hart that it would require on an average of $6 million to $6.2 million a year in military construction in order to get a leg up and to get into this backlog of requirements. Of course it was not in consideration of additional requirements such as the M-X or such as the Tridents at Kings Bay or certainly not in anticipation of the Persian Gulf or Indian Ocean requirements. That of course is an unconstrained estimate. It is on the basis of what we realistically feel that we should and could program against these deficiencies but obviously in a realistic world with budget constraints we are not able to fully program for those needs.

This year though the 1981 budget represents a far more representative and balanced program than in the past. Two out of the last three years, as I have reported to these committees, we have been constrained—in 1978 because of a need to hold down capital investment and a direction from the White House that we do that and over $1 billion was withheld from the military construction budget. The same thing happened in 1980, but there it was more related to the base structure, especially the domestic base structure in the United States. As a consequence $1 billion again was deferred.

We think these problems are behind us. We think we have a stable domestic base structure and we think that this is a far more representative program.

Senator **Huddleston.** I think it might be helpful for the record, because I have noted in the brief time that I have been here, the seesaw nature of the military construction requests. We have had moratoriums, we have had very strict constraints placed on the military construction budget. Then we have had one or maybe two budgets that seemed to loosen up a little bit. If we could get a comparison of the 1981 budget with the previous, maybe, 5 years with some indication as to what the controlling factors were in determining the actual amounts that were selected, it might be helpful to us.

Mr. FLIAKAS. I will supply that for the record, sir.

[The information follows:]

Comparison of fiscal year 1981 Military Construction Authorization Request with Requested and Approved Programs of the Previous Five Years:

MILITARY CONSTRUCTION AUTHORIZATION

[In millions of dollars]

	Requested	Approved
Fiscal year:		
1981	5,294.1	----------
1980[1]	3,727.4	3,838.8
1979	4,247.8	4,128.3
1978[2]	3,576.5	3,724.7
1977[3]	3,368.2	3,324.0
1976–77	4,201.6	3,853.7

[1] Program scope reflects decision to combat inflation and assist in reducing Federal budget deficit.

[2] Program scope reflects decision to effect a partial moratorium pending a re-examination of the current domestic basing structure.

[3] Program scope reflects decision to restrict further growth in the Federal budget.

REAL BUDGET GROWTH

Senator HUDDLESTON. Now if you make adjustment for inflation and currency re-evaluation what do you see in this budget proposal in terms of real growth?

Mr. FLIAKAS. We estimate about a 16-percent growth factor and if I might remind, again, and we have been discussing this, of course, that is from a depressed base. But from the 1980 program, and taking out roughly some $365 million in price growth, we estimate about a 16-percent real growth in the military construction program.

Senator HUDDLESTON. I will yield now to Senator Hart.

WET-EYE BOMBS

Senator HART. Mr. Fliakas, last week the Defense Department made a decision to program almost 900 chemical warfare bombs known as wet-eye bombs. According to Dr. Perry, there will be some reprograming of funds to make those weapons safer. I am extremely unhappy and displeased about that decision for a lot of reasons, not the least of which is that such a decision it seems to me jeopardizes the safety of a community of a million to a million and a half people, by keeping those weapons so close to that urban population center.

During the discussions we have had with the Department over the past months the issue was whether the weapons would be kept at the arsenal and detoxified, using the facilities there or sent to Utah to be stored in safer surroundings.

At no time, to my knowledge, did the Department ever suggest that as an option it might keep the weapons at Rocky Mountain, an arsenal near an international airport in a city population concentration of the sort that I have mentioned, and not detoxify them.

Leaving aside the question of whether our own troops are equipped to conduct the chemical warfare, and they are not; and whether there is any scenario in which those ancient weapons might be deployed and used against some enemy without jeopardizing our own forces; leaving aside the question of whether we ought to develop a binary facility and so on, can you tell me what consideration was given by the Department in making that decision to the condition of those weapons—the fact that they are leaking and deteriorating? Perhaps as many as 70 additional wet-eye bombs are showing indication of a very low rate of leakage. What about the rest?

Mr. Fliakas. Sir, despite your description of them as ancient, as I understand it, I am no expert, I am told that these are the most modern that we have in the inventory.

Senator Hart. That may be true, but that does not mean they are not ancient.

Mr. Fliakas. I think they date back to 1969, but at any rate there were a number of bombs that were found leaking and, as I understand it, those that were detected have been drained and the chemical agent has been stored in a safe and prescribed manner. I am not familiar with the figure of 70 that you mentioned. The information I had was that six have been found leaking and drained.

Senator Hart. No. Mr. Fliakas, the arsenal's own review of the weapons in preparation for the decision of whether to move them or not disclosed the fact that—it is in the arsenal's report—there are 70 weapons in addition to those 6 you mentioned that show very definite traces of leakage.

Mr. Fliakas. To the extent that they do present a hazard I would guess that the same thing will occur, that if it is necessary, they also will have to be drained and the agent stored in another manner.

As far as the decision to retain the weapons at Rocky Mountain, while I am not, nor was I, privy to that decision the way it impacts on me and on my activities and on the Army, of course, is to implement the decision properly with necessary actions. I think you may be aware that as a consequence of the decision an additional 27 personnel spaces have been authorized by the Army for added security and guard forces.

In addition, the Army has not yet been tasked but it is momentarily. This week a memo has been developed to implement the decision which will direct the Army to identify the security considerations and improvements that must be undertaken to safeguard those weapons, such things as additional lighting, fencing, intrusion detection devices, and the like.

We have only a very rough estimate, with the estimates developed by the Army and by the arsenal, but it has been estimated that an additional $2.7 million will be required in order to accomplish some of these improvements.

Senator Hart. As you know, a decision was made 7 years ago by the Army and the Defense Department that those weapons should be detoxified or at the very least, moved. Prior to that, around 1969, as I recall, a study was started to examine the proper disposition of those weapons and now we are told within the last 7 days that the Defense Department has decided to keep them around and keep them in the greater Denver area. I don't mean to hold you accountable for that decision, but you just happened to be the highest ranking Defense Department official I could get to right away and I guess I am trying to send your colonels and superiors a message.

Mr. **Fliakas.** There is, as you know, a companion decision which is to proceed with the production of the binary weapons and to develop that capability.

Senator **Hart.** Is there a request in this budget to do that?

Mr. **Fliakas.** No, sir.

Senator **Hart.** You say there is a companion decision to proceed with binaries?

Mr. **Fliakas.** Yes, sir.

Senator **Hart.** But there is no money for it.

Mr. **Fliakas.** Not at this time.

Senator **Hart.** How do we proceed?

Mr. **Fliakas.** Again, the directive to the Army and to the Navy will be to proceed with whatever necessary action is required in order to implement that decision to proceed with the binary facility.

Senator **Hart.** I have never in my short time in the Senate seen a decision implemented that did not involve spending some money.

Mr. **Fliakas.** Indeed it will. The facility is under design but it is not included, as yet, in a construction program.

Senator **Hart.** Why is that?

Mr. **Fliakas.** Well, again, sir the decision was made just last week and it was not made in sufficient time to program it in the 1981 military construction bill.

Senator **Hart.** What went into that decision? Why was it made at the last minute and why wasn't the binary facility put in the budget?

Mr. **Fliakas.** Sir, I believe that it was based on a judgment that because of the increased potential use by others and even as a matter of fact reported use of these kinds of weapons that it was considered in the best interests of the United States that we retain the capability ourselves and hence a decision to retain the wet-eye and to proceed with the binary facility for a future generation of these weapons.

Senator **Hart.** I understand the first part of that decision. Dr. Perry did not indicate to the congressional delegation that the decision to proceed with the binaries had been made nor did he, nor have you, indicate why this decision which has been around for 10 or more years was suddenly made, apparently with some haste last week, so late that funds for preliminary design construction of a binary facility somewhere else were not included in the budget.

Mr. **Fliakas.** I am afraid I cannot respond with regard to the events or the reason that led up to the decision.

Senator **Hart.** If we are going to the binary system, why keep the wet-eyes around?

Mr. **Fliakas.** Until such time as they are available, sir. It will take a number of years to produce them in these quantities and as I understand it, and I am not an expert, these will be retained until such time as the binary are in the inventory.

Senator **Hart.** Given the scope of the issues we have to consider here today and the amount of money involved, I cannot focus on this one matter, but I am more puzzled now than I was before I asked you these questions. There are some discrepancies between what you said and what Dr. Perry told us last week. For example, he said we may have to keep those weapons in Denver for another decade. The city of Denver and the surrounding community is going to be all around that arsenal, 900 nerve gas bombs right in the middle of a city.

Mr. **Fliakas**. There will be proper security arranged for them.

Senator **Hart**. Yes, but, Secretary Fliakas, there is no security against an airplane wandering off course and plunging into a set of igloos containing these bombs—none. You cannot devise that kind of security and that is the threat. I understand you can put up fences, and have guards, lights and concrete igloos and everything else, but unless you folks know something I don't know, I don't know what you can do to prevent that from happening.

Mr. **Fliakas**. I know that this has been evaluated by experts and the risk very seriously considered prior to that decision having been made.

Senator **Hart**. I will want to come back to this matter. I must say if the Russians are half as afraid of those weapons as the people of Denver, they are a serious deterrent. I yield back to my colleague.

Senator **Huddleston**. Thank you, Senator.

BACKLOG

Mr. Fliakas, on the question of backlog, is there a greater backlog in certain functional areas than in other areas? How do you spread this as new requirements come along?

Mr. **Fliakas**. The backlog is persistent in the areas you would expect, such things as maintenance shops, community facilities, troop housing and especially in utilities.

Senator **Huddleston**. You always think you can put these off for another year if something more urgent comes along.

Mr. **Fliakas**. Yes, sir. We do tend, and it is proper, to place the greatest priority on those facilities required to support the delivery of new equipment, on meeting deployment dates. Obviously those priorities have to be met and accordingly the backlog in these other areas increase especially for personnel oriented facilities.

Senator **Huddleston**. The fact is, if you continue to neglect things like housing, both family and troop housings and the other kinds of facilities that make military life not only more desirable, but even make it tolerable, it will impact on preparedness and mission.

Mr. **Fliakas**. No question.

Senator **Huddleston**. So it seems to me a more serious problem all the time as we go along.

Mr. **Fliakas**. Yes, sir. We believe we are addressing it albeit at not as great a pace as we should. We do have national interest programs such as pollution abatement and energy conservation so in effect we have placed fences around the funds for those efforts. We also have the high priorities that I mentioned such as support of weapon systems and deployments so we tend to put fences around that. That leaves precious little where we have these very real deficiencies. Hence our backlog and I can only say that we are addressing it, but at a slow pace.

PLANNING AND DESIGN

Senator HUDDLESTON. Now the planning and design request is substantially greater for the Army, Navy, and Air Force in 1981 than either the request or the appropriations for fiscal year 1980. What accounts for this large increase?

Mr. FLIAKAS. Sir, the most significant item is the $97 million for the M-X but even if we were to subtract that we would still have a significant increase and that is based on what we anticipate to be a subsequent higher level of funding programs in 1982, 1983, and 1984. So hence the higher request for planning and design money in order to get a leg up on those.

As you know, we have directed the services—and the committees have been very supportive of this goal—to have 35 percent of our program designed by the time we submit the projects to the Congress. So our 1981 money for planning and design is really to support the fiscal 1982 and to start design on 1983 and even some of the 1984 projects.

PERCENT OF DESIGN

Senator HUDDLESTON. Are all the projects for fiscal year 1981 at 35 percent of the design?

Mr. FLIAKAS. Sir, at the end of December we had about 91 percent that were at the 35 percent level and while I don't have statistics for the months of January and February, at the rate at which they were progressing I figure about 95 or 96 percent of the program has been designed to the 35-percent level but there are a number of projects, to be fair to the committee, that were late starters and as a consequence did not get under design as soon as they should have. I refer to projects such as, for example, at Loring Air Force Base where the decision to retain Loring was made in later summer and the military construction projects that we felt should be in the 1981 program just did not get under design. There are a number of other projects of that nature such as pollution abatement, for example, that are late starters but about 96 percent is at that level now.

EUROPEAN CONSTRUCTION

Senator HUDDLESTON. Now on the construction abroad question, in addition to the large request, some $300 million for the NATO infrastructure program, there is a significant request for financing direct U.S. construction in Europe, especially in Germany. With the infrastructure request, is such a large European request necessary?

Mr. FLIAKAS. We believe so, yes, sir. I would like to ask each of the services to comment with regard to that program in Europe.

Very briefly, we do take into consideration, Mr. Chairman, the progress that we have made in getting more programs eligible for infrastructure funding, such things as POMCUS and ammunition storage sites, for example, that were not eligible 2 years ago. However, there are a number of categories that are not eligible for infrastructure funding, such things as logistic and personnel support that are clearly the national user responsibility, and as a consequence we have reflected those requirements in this year's program. Each service can address their particular requirements but it is largely to meet these deficiencies and facilities that we have plus a number of new initiatives like the GLCM, for example.

General Read?

General READ. Sir, we had quite an extensive program for Germany this year and this is, as Mr. Fliakas indicated, to pick up an awful lot of our needs over there. As you are quite aware, the facilities we have over there are by and large very old, very much in need of repair. A number of them in addition to having outlived their real usefulness do not meet the needs we have. We have maintenance facilities that are too small to really permit the equipment we want to maintain to be entered into them. We have done a tremendous amount of makeshift work to try to make them as usable as we can for our personnel but we just need a good program to replace them or to take what we have got and modernize it. We, of course, view Germany as our deployed forces and the forces that do need to be taken care of.

One of the things that we are so concerned about, and this was alluded to earlier in the statement by a couple of my colleagues down the line, is that we are anxious to retain the experienced and the trained soldiers that we have. We think it is important that they realize we are concerned about their needs and that we don't ask them to do the job they have got to do in circumstances that are really pretty deplorable. It is very tough to take care of the tanks we have when they are in a motor park which is awfully muddy. It is also very hard to maintain them in a shelter where neither the heat nor the lighting is good. Thus, our program there is large this year but we think it is an extremely essential program for us.

Senator HUDDLESTON. Earlier you mentioned maintenance facilities.

General READ. Most of them are the straight tactical equipment shops but we do have higher echelon ones. The preponderance of them are in the unit tactical equipment shops.

DEPENDENTS ABROAD

Senator HUDDLESTON. What about the ceiling on dependents which was included in last year's defense authorization bill? Has that had any effect on your requirements for expenditures?

General READ. Sir, as you are aware, it has not to this point. It will not be implemented until, I believe, the beginning of the next fiscal year and we at this juncture have not received from the Office of the Secretary of Defense exactly what our numbers will be.

Mr. FLIAKAS. We don't anticipate, Mr. Chairman, that it will impact on our 1981 program. It will impact on the individual far more than it will on our facility requirements. As General Read indicated, it is expected that the Secretary of Defense will allocate to the services that 325,000 ceiling. My information may not be current, but I understand that we are now a little under that and so the methods by which they will hold that ceiling will be by curbing travel to specific areas but those have not been allocated as yet.

General READ. Sir, if I may, to give you some feel for the numbers, 39 percent of our program over there in Germany will be for maintenance and production facilities, 30 percent will be for housing and community facilities.

NATO MEMBER ACTIVITIES

Senator HUDDLESTON. Are the other NATO allies making a similar effort to improve their facilities and their readiness?

Mr. FLIAKAS. Well, sir, as you know, the heads of state about 1½ years ago all pledged that they would have as a goal a 3-percent increase in defense spending. Now as it applies to facility costs I don't know that I can answer that specifically, although they all share in the NATO infrastructure program.

Senator HUDDLESTON. Do we know of any projects any of the other countries are doing independently?

Mr. FLIAKAS. No, sir, I don't know that I can answer that.

Senator HUDDLESTON. General Read?

General READ. I can make the observation that I am frequently chastized by my colleagues because in Germany soldiers live better than ours do.

Senator HUDDLESTON. They live better than ours. What about their maintenance?

General READ. Maintenance facilities are generally better. We took over many of the old German kaserns after the war and as a consequence the ones the Germans built for themselves were new. We have the old ones, they have better ones. Some of the new facilities they have provided us though, for example, at Karlstadt are just excellent facilities.

Senator HART. General Gilbert, do you have any major expenditures in Europe?

General GILBERT. In 1981, the Air Force has the smallest program that I recall. Our total program there is about $46 million this year, all of which is a national responsibility under the terms of the agreements for the alliances except for the GLCM and that is $20 million of the $46 million. The remainder of that is in the troop support as well as aircraft support mission category. We certainly have a way to go with our construction needs in Europe before our forces are ready to the point that we would all be more comfortable with their readiness.

AIR FORCE NEEDS IN EUROPE

Senator HUDDLESTON. What specific type of facilities do you think are most needed?

General GILBERT. Ours are primarily to finish out the collocated operating base concept, Mr. Chairman. We are still pretty far behind the agreements that we have on those bases in bringing them up to the levels of munition storage in some cases, parking area for aircraft, and fuel storage requirements. That is averaging us about $5 million a base which, as I said last year, is about the cheapest airbase we will ever buy and yet it provides that our forces can be spread across a larger number of bases in Europe. We still urgently need protective construction for some WRM assets that——

Senator HUDDLESTON. What is that?

General GILBERT. I am talking primarily with regards to war reserve materials such as aircraft parts, spare engines, in some cases more munitions. I would not want either to overlook in our judgment the urgent need for some kind of chemical warfare protective facilities from the forces that must remain on the flight line if we were to get into a contingency in NATO. That is still our highest priority although it has not been accepted by the Congress yet.

Senator HART. Would the Senator yield on that?

Senator HUDDLESTON. Yes.

Senator HART. Can you tell us how much you have in fiscal 1981 for protective or defensive chemical warfare for the Air Force?

General GILBERT. I have absolutely none in this year's program, Mr. Chairman.

Senator HART. Maybe I misunderstood what you just said then. I thought you said it was one of your highest priorities, but the Congress would not go along. How can we go along? Do you have any request in this budget?

General GILBERT. I was referring to previous years. We intend to program some more of those facilities beginning next year.

Senator HART. It was my recollection, and please correct me if I am wrong, and I will check the record myself, but I know that myself, Senator Nunn, and a few others were urging the Defense Department and other services to move more quickly on chemical warfare a few years ago. We could not get the Defense Department to give money for defensive warfare. Am I correct, Mr. Fliakas?

Mr. FLIAKAS. Yes.

Senator HART. And security?

Mr. FLIAKAS. We may be confusing two things. At the direction of the Congress, and you have been very forthright about providing funds for the upgrade of the sites themselves and this is ongoing. In addition we have a NATO infrastructure availability for some sites as well. So as far as the protection is concerned, that is underway.

I believe that General Gilbert was referring to the lack of support of the philosophy perhaps or the collocated operating bases.

General GILBERT. No, I was speaking of protective facilities against chemical warfare attack on our troops at our main operating bases which have not received a great deal of support.

Senator HART. Primarily because I think it was a NATO requirement.

General GILBERT. There was a discussion. Certainly, Members of the Congress felt that it should be infrastructure funded but be that as it may, that still has not been accepted. As a matter of fact, it has been said by the alliance that it is a national reponsibility and I think as years go by our chances of getting that qualified for infrastructure funding may lessen because other nations are indeed proceeding with building some as a national responsibility.

Senator HART. Excuse me, Senator.

Senator HUDDLESTON. Go ahead. I have used my time.

Senator HART. I cannot speak for the Congress generally and I don't know that that was an infrastructure issue, but I do know that there are some Members of Congress, including myself, who have been urging the Defense Department over the past several years to move more rapidly on defensive chemical warfare, mechanized equipment, and a lot of other things but we have not been able to get the Defense Department to move on it.

That goes back to the topic I was raising before, about the retention of these ancient weapons, I still refer to them as ancient weapons, because I think the first line goes back 20 years and that is why they are leaking. You cannot make them a credible deterrent to the Soviets or anyone else if our own troops are not equipped to fight a chemical war. I don't know what that tells the Russians, if we are going to kill as many Americans by deploying or using those weapons.

BINARY FACILITY

Mr. Fliakas, you say a decision has been made to go forward with the binaries. Is that a decision that is accepted and ratified by the administration or is that a decision in the Defense Department?

Mr. Fliakas. I hope I am not blowing this, Mr. Chairman, by announcing something that—but as far as I know this decision was made last week. I have a copy of a paper that is to be sent to the services, both the Army and the Navy, requiring them to proceed with the development of that facility and——

Senator Hart. It is a letter from whom to whom?

Mr. Fliakas. It will be from Dr. Perry, I assume, to the Army and the Navy.

Senator Hart. Proceed, to do what? As I understand it, there are preliminary designs that have been made for that facility.

Mr. Fliakas. Yes.

Senator Hart. So if there is no money for advanced design or military construction, what is to proceed?

Mr. Fliakas. It is to complete the design of the binary chemical weapons facility and plan a construction schedule such that the facility can be completed as early as possible when appropriate authorizations are received. That is the direction to the Army and to the Navy to work with the Army to fund for the completion of development of the facility to insure that the design criteria and details are available to the Department of Army personnel at the earliest date possible to insure continuity of the development program.

Senator Hart. When authorization is received—you cannot receive authorization until you request it. There is no request for it this year.

Mr. Fliakas. That is right but there are reprogramings that are available. We are working on additional requirements for the 1980 and the 1981 timeframe as a potential supplement and there, I am not suggesting that this will necessarily be in there, I don't know because those decisions have not been made. If this decision had been made, of course we like to get these in an orderly fashion so that we can program our facilities to meet these requests, and these requirements known prior to December 31, then I expect that it would have been incorporated into the 1981 request. Since it was made subsequent to the submission of the President's budget we are going to have to now run pretty hard to catch up to the decision.

Senator Hart. But it is your understanding this decision does have the administration's blessing?

Mr. Fliakas. I would assume so, yes, sir.

Senator Hart. Will your decision to reprogram 1981 funds to construct the protective facilities at the Rocky Mountain Arsenal be submitted to this committee?

Mr. Fliakas. It would depend, sir. It would depend on the nature of the requirement. We have certain authority such as minor construction that we can implement directly within our authority. If it requires a reprograming, it will have to be submitted to the Appropriations Committees.

The only appropriation that we have available to meet those kinds of contingencies are, of course, the emergency authorization that each service has up to $20 million plus the contingency fund of the Secretary of Defense where the Secretary may deem it vital to the security of the United States that we use those funds. That is the only flexibility we have so within those flexibilities we will first ask the Army to identify the requirements. Those that we need to go out with immediately we will within our own authority. If we need to reprogram, we will have to seek that through the Congress.

Senator HART. Dr. Perry is using figures ranging from 2 to 5 million. I was at the arsenal Saturday. I think that is the ballpark figure we are talking about.

Mr. FLIAKAS. I believe that 2.3 was for the operation and maintenance, the increased O. & M. associated with the retention of those weapons, so that will have to in effect come out of our hide, out of our O. & M. budget.

Senator HART. I understand, but we are still talking about how much of that comes to this committee for, in effect, approval.

Mr. FLIAKAS. Any major reprograming will have to come to the Appropriations Committee.

Senator HART. And major is over $500,000, is that correct?

Mr. FLIAKAS. Yes, sir.

Senator HART. Well, I think there is something very odd going on here. This issue has been around for years. I don't know of anything that occurred in the last few weeks that precipitated a major policy decision, not just to leave these weapons at Rocky Mountain Arsenal but to go forward with binary production. I certainly don't know of anything in the Soviet threat or events in the world that would require this decision to be made this late and in this manner.

I find some discrepancies between what Dr. Perry has said and what you have said here this morning and I intend to pursue that. I think we will want to take a very hard look at reprograming those requests.

Mr. FLIAKAS. I would, of course, defer to Dr. Perry. I may not be competent to be discusing these issues but I am telling you what I know.

Senator HART. What you have told me that you know is very interesting.

We will have a separate hearing on the Indian Ocean/Persian Gulf and we will go into that in more detail.

INDIAN OCEAN AREA

Do you, or any of the service representatives, have any ballpark figures on how much is in the request for facilities in the Indian Ocean region?

Mr. FLIAKAS. Yes, sir. We have a specific requirement in the 1981 program now before you for Diego Garcia. There is nothing for the Persian Gulf in the 1981 program before you.

Senator HART. Kenya?

Mr. **Fliakas**. There is nothing either for Kenya, Somalia, or Oman. We are working on the basis of visits to those countries and on the basis of requirements established by JCS on facility requirements for those three countries or in those three countries.

Senator **Hart**. Would that be in the nature of a supplemental?

Mr. **Fliakas**. That has not been decided yet, Mr. Chairman. We have a number of exercises depending on the options and the capabilities that are ultimately decided on for those or for that area. We are developing requirements as to how they will be submitted, whether it is in the nature of an amendment, a supplemental, a zero supplemental with offsets. I just don't know and we don't have that decision yet by the administration.

M-X

Senator **Hart**. One final question on the M-X. Your statement indicates a construction backlog of $58.6 billion. What was the backlog last year?

Mr. **Fliakas**. Sir, that $58 billion includes over $20 billion for the M-X so if we delete that and compare it with the figure that I gave you last year it is a growth of about $2 to $3 billion beyond, I believe.

Senator **Hart**. But the big jump is M-X.

Mr. **Fliakas**. Yes.

Senator **Hart**. That means by going forward with the M-X we push back $20 billion in other projects; is that correct?

Mr. **Fliakas**. No, sir.

Senator **Hart**. What does that mean?

Mr. **Fliakas**. It means, sir, on the best available information that we have as to the mission changes that are approved and are reflected in our 5-year defense program that we developed our deficiencies on the basis of what we would require over the 5-year span to meet new missions, to correct current deficiencies in the existing structure, to support the force plus a replacement and modernization requirement and the sum of those adds up to the $37 billion. Now on top of that we added an estimated $21 billion that we estimate for the M-X over the next 5-year period or so and hence the $58 billion.

All this is is a road map, it is where do we stand? Now I would hope that each year we made generally some progress to program an amount for replacement and modernization. This year's program has about $670 million, I believe, in the 1981 program specifically for the replacement and upgrading or modernization of our facilities.

Senator **Hart**. Is the $21 billion for M-X in 1981 dollars?

Mr. **Fliakas**. It is then-year dollars.

General **Gilbert**. That is true; it is out into the mid-1980's as best we see that now.

Mr. **Fliakas**. But to answer your question, no, I would not expect the 20-some billion dollar M-X to be funded at the expense of our ongoing missions and other requirements.

FACILITIES FOR TURKEY

Senator **Huddleston**. You requested nearly $30 million in fiscal year 1981 for facilities in Turkey. In view of the difficulties that seem to be developing in that country, is this a realistic long-term investment?

Mr. **Fliakas.** Yes, sir. We believe it is now. There was recently concluded an accord known as the Cooperation on Defense and Economy. This was initialed in January. As a matter of fact, January 10, 1980.

Senator **Huddleston.** Isn't that just a provisional agreement though?

Mr. **Fliakas.** Yes; there will be supplementary agreements to include defense support and cooperation and installation. As a matter of fact, when I visited Turkey, also in January, they were working with their Turkish counterparts on an agreement concerning Incirlik Air Force Base. We believe, sir, we have really neglected the facilities in Turkey over the years. Those facilities, and I visited some of the remote sites, for example, are about as wretched and dismal as I have seen anywhere.

We have people that are manning those posts in remote areas and anything we can do for them would be really a step forward. There are places that we have been occupying now 18 to 20 years and as I say they are really wretched. Now that we feel we have a stabilized agreement with the Turkish Government for the use of those facilities and our presence is assured, and the State Department and our International Security Affairs Office has so indicated that the actual agreements now are rather perfunctory and the basic agreement has been established, we believe it is time that we upgrade some of those facilities.

Senator **Huddleston.** What period of time will these agreements extend over, do you know?

Mr. **Fliakas.** It will be for 5 years, I believe, Mr. Chairman.

Senator **Huddleston.** And you are confident there is enough stability in the country to justify these expenditures?

Mr. **Fliakas.** Well, I will have to comment that, of course, it is on the basis of our negotiated agreements. It is true that Turkey is in a very unstable economic condition now but with respect to our military presence the only thing I can comment on is that we expect to remain there.

CURRENCY FLUCTUATION ACCOUNT

Senator **Huddleston.** The military construction appropriation bill for fiscal year 1980 created a currency fluctuation account, something of a new approach. Is that account being used now and what are the dollar demands that you estimate will be placed on this account?

Mr. **Fliakas.** Mr. Chairman, I will have to report that it is not being used now. It has not as yet been implemented. Our controller has been working on a procedure by which the funds will be allocated. They have been fully apportioned and they are available and very shortly, within the next several weeks, I am told, the amounts will be made available to the services. Unfortunately, from all the accounts that I have received, and each of the services can perhaps give you a better accounting of this, it will not be sufficient to cover all of the requirements that we know of, particularly in Germany.

General Read?

General **Read.** Yes, sir. I would comment that we can use more than there is in the fund just within the Army. We have already submitted to the Office of the Secretary of Defense requirements in excess of the $125 million identified.

Senator **Huddleston**. Do you think this approach is going to be a better way of handling currency fluctuation?

Mr. **Fliakas**. Well, sir, it is a one-shot deal as far as I know. It was provided last year. Because of the nature of the problem our direction and guidance from the administration and from the Office of Management and Budget is not to anticipate further weakening or change in fluctuations in the dollar and so our 1981 program does not assume or request any augmentation of that fund.

Senator **Hart**. Would the Senator yield for one question?

Senator **Huddleston**. Yes.

Senator **Hart**. We wrote you some time ago asking for a report on how the administration of that account was going. When can we expect an answer?

Mr. **Fliakas**. It will be submitted this month, sir. I believe, as I recall, the understanding was that we would have a 30-day waiting period after we reported to you the manner in which we intended to implement and apportion those funds, so I expect that it will be sent to you by our controller this month.

Senator **Hart**. Thank you.

SPACE SHUTTLE

Senator **Huddleston**. We will get into the space shuttle in greater detail at a later time but your recent bids have greatly exceeded the estimates. Could you bring us up-to-date on the overall construction status of the authorized and appropriated projects which are already under contract, on which you have bids and which are yet to be advertised?

Mr. **Fliakas**. I would like to ask General Gilbert to respond.

General **Gilbert**. Yes, sir. As you know, Mr. Chairman, over fiscal years 1979 and 1980 you have authorized $202.6 million and appropriated $170.5 million for the Space Shuttle at Vandenberg. We have awarded Vandenberg and we have awarded one of the projects against that at about $4.3 million. We have the one bid that is open now that greatly exceeds our estimate and we have a third bid opening on March 5. The fourth phase or fourth bid is being held up pending our review at the launch pad bid and we expect that to be advertised in May 1980.

Our analysis——

Senator **Huddleston**. Can you identify, sir, what each one of those awards is?

General **Gilbert**. Yes, sir. In the first phase which was the excavation and demolition of the old orbiting laboratory pad that was built there some years ago, we are going to modify it for this purpose.

Senator **Huddleston**. That is $4.3?

General **Gilbert**. That is the $4.3 million, yes, sir.

Then of course the one we have open now is the launch pad with thrust augmentation.

Senator **Huddleston**. How much does that exceed your estimates?

General **Gilbert**. By some $35 million.

Senator HUDDLESTON. Quite a substantial amount.

General GILBERT. Yes.

Senator HUDDLESTON. Do you have any explanation yet as to why it is that much over? I understand you had estimates from good engineering sources.

General GILBERT. We thought we did, sir.

Senator HUDDLESTON. You had contractors?

General GILBERT. We had two Air Force firms and the corps looking over the estimates. Even as we were going on the street with the project, apparently some things that the contractor saw that we didn't, like quantities of materials, was a little bit out. After talking to the apparent low bidder, it was obvious that the way they viewed the job, the construction estimate for it is adequate but it is nonetheless tight. The job is very complex and therefore they included a 25-percent higher engineering and supervision submission than we had estimated they would. There was some concern over the availability of labor as well as what labor is going to cost because most of the unions over the period of this contract will renegotiate new wage rates and——

Senator HUDDLESTON. With the space shuttle and the M–X test facility going into Vandenberg simultaneously, you are going to put a strain on the labor supply.

General GILBERT. Yes, sir, and probably as the chairman knows the State of California is going to build a liquefied gas plant just down the way from Vandenberg and of course that will require its share of the labor force. I think the last major item that the contractors are seeing and we know about but apparently underestimated according to them is the bidding environment. The low bidder could not get subs to hold prices for very long and as a matter of fact, as I understand it, even the 2 days before bid submission date his subs were calling in to change their prices because of the way different materials in the economy are going pricewise.

The conclusion is that we don't see anything to be gained by going back on the street. As a matter of fact, if you believe this as a responsive bid, then it will cost you money to go back on the street because of the added time and inflation. We are now trying to determine how we can come up with the funds to award this project. It will apparently require us to cancel or defer some projects in the 1980 program that were approved and funded last year by the Congress.

In addition to the bid opening there are identified change requests that I don't know the full impact of yet by both the Air Force and NASA. However, there are some changes that we must make to the contract in constructing the launch pad facility to accommodate the space shuttle.

Senator HUDDLESTON. But it is your intention now to move forward with this particular award?

General GILBERT. Yes, sir. We are in the throes now of preparing a notice to come to the committees requesting their added authority to proceed. We will also identify in that, of course, the fund source that we will use to fund the difference between the funds we had available and the low bid.

Senator HUDDLESTON. What about the March 5 award? Do you have any reason to believe it will be far in excess of your estimate?

General GILBERT. I don't think that one will, Mr. Chairman. It is a small project. It is straightforward construction without any uniqueness to it. However, that final package which is also fairly unique and peculiar to this system, the contractor is not necessarily used to building these kinds of facilities and could present us a problem. We are reviewing that again. We now have it estimated at about $35.8 million. There will be some changes required, that I know will cost added money to add some security features. But that project is for the mobile service tour and payout and that is going to be pretty unique construction in itself. It may be the next one that gives us problems and we are reviewing it now.

Senator HUDDLESTON. Will the fact that you have to take some time to make a decision on whether to go with the low bidder or to readvertise cause any delay in the construction schedule and in the IOC?

General GILBERT. No, sir. It is getting close but so far I believe we can make the IOC insofar as the construction is concerned and especially assuming we get to work this by the expiration of the bid period which is, as I recall, the 5th of April this year.

KOREA FACILITIES

Senator HUDDLESTON. I believe my colleague has covered the M-X construction.

I do have a general question about Korea which will be the subject of later hearings. The request is $110 million; can we have some justification for that?

Mr. FLIAKAS. That, of course, includes both facilities for the Army and the Air Force. With respect to the Army, of course, it relates to the decision and the announcement made by the President last year, last summer, that any further withdrawals of ground forces would be held in abeyance. On the basis of that we feel that it is now time to again call attention to the very bad living conditions and working conditions that our troops are having to deal with in Korea and as a consequence the Army has a substantial request. General Read, I think, can speak to it specifically.

Senator HUDDLESTON. General Read?

General READ. Yes, sir. Our part of the Korean amount is $62.4 million and it really breaks down into two parts. One part is for $35.8 million which is in support of our 2d Infantry Division. These are the people that have been over there and really have not been taken care of, so to speak, for quite a while. They have been there for 1 year at a time for a number of years. This consists of three basic projects.

One is some relocatable structures for people to live in. A second is the relocatable type of structure for maintenance facilities. The third is to upgrade a water system in the Camp Casey area which has gotten to be overtaxed. It has a tremendous amount of breakages each year in its distribution system. We are also being forced to act now because the intakes are just downstream from encroachments and new building by the local people who are letting their raw sewage go into the stream. We are having to put excessively large amounts of chlorine in the water to protect our people.

Now the other part of the money is for general upgrade of facilities which are what you might call the residual activities that will be there. They were not being considered for withdrawal when the earlier considerations for withdrawal were being undertaken.

Senator HUDDLESTON. Were a number of these projects either neglected or just delayed when the policy was one of withdrawal? Is that why we are now having to catch up?

Mr. FLIAKAS. Yes, sir. As General Read indicated, unfortunately our policy with regard to investment in Korea has been on a year-by-year basis and as a consequence 25 years later we are still on a year-to-year basis.

The facilities are just deteriorating very badly. A few years ago the Congress did authorize barracks on the basis that they be relocatable and as a result of that we have programed a number of relocatable structures there and will continue to do so under this plan. But of course we are talking only ground forces now. The Air Force also has some very vital and needed facilities there at their main operating bases. I think General Gilbert can speak to that.

Senator HUDDLESTON. General Gilbert?

General GILBERT. Last year we had indicated an increased readiness program for Korea and we are carrying it on this year. One of our greatest needs in Korea is some assured POL storage beyond what we have now. At two of our operating bases and two of the critical ones we are dependent upon barges coming from the sea and a pipeline could be easily sabotaged and require some time to repair. So a lot of our program this year is to provide some fuel storage at two of our bases in Korea and then aircraft protective shelters for Osan. We are concentrating on Osan because that is the base that is closest of course to the DMZ and consequently the brunt of the air threat.

A third area is we have had our people living in totally inadequate as well as insufficient space in Korea. As a matter of fact, on Thanksgiving last year we had a young man lose his life in a fire in a dormitory. That dormitory he was living in was a relocatable. We could have lost a lot more people than that because of its configuration and the limited access and egress that we have from one of those facilities. Lack of that was not the cause of his death, but it could have been the cause of many more.

We still have our people living in 70 square feet per person and that is totally inadquate. We just must in today's All-Volunteer Force and in a remote location provide at least the DOD criteria for space for our people, so therefore we are programing bachelor quarters for our career bases.

Mr. FLIAKAS. Sir, in addition to the Army and the Air Force there is also a request in this year's program for three dependent schools either new construction or additions at three sites—Osan, Taegu and Seoul City.

Senator HUDDLESTON. This may be a question that should be addressed to the State Department but apparently there is some movement between the two Koreas toward unification: some meetings have been scheduled. Has this impacted our plans there?

Mr. FLIAKAS. No, sir. We are aware of that, of course, but as far as our planning is concerned it is to support the current force as it is now constituted.

REDUCTION IN NUMBER OF CONTRACTORS

Senator HUDDLESTON. I have just one more question. Mr. Fliakas, you noted in your testimony there had been a significant reduction in the number of contractors that have been competing for DOD projects. Can you give us any reason for this?

Mr. FLIAKAS. There are a number of reasons, Mr. Chairman. I have met wth a lot of the industry groups and associations and private individual contractors and discussed this to establish whether it is a phenomenon necessarily based on today's picture or something that we ought to be concerned about in the future. It is true that in the last few years there has been a construction boom in the private sector and as a result Government work is less attractive if they can concentrate in the private market.

There has also been a generality, and perhaps this is more philosophical but an indication that the social and economic programs that have been legislated by the Congress and are required, such as small business set-asides, for example, minority subcontracting goals, Davis-Bacon. The general thinking is that the redtape as they call it and the burden of these kinds of programs, safety is another, OSHA standards, for example, is such that the competition for Government work is just not as great when they have other work.

So our analyses indicate that in some instances, and it depends on the region of the country, but in some instances we are getting only two, three, four bids. There have been some instances where we have not gotten any bids or only one. The competition just is not there. In other areas, of course, we still enjoy competition such as 7 to 10 bids.

It is a matter of concern to us. Our response is that of course it is by necessity that we comply with the laws of the country regarding our contracting procedures and our support of the social programs. We have done other things and I have communicated with the services to improve our contracting procedures such as, for example, one of them, it is a minor complaint, but opening bids, for example, on the same day where we have maybe several projects or requiring them to come to a major city for bid openings and things of that sort that we can handle internally. I am reporting, sir, to you as I have every year a general concern that the competition is just not there.

Senator HUDDLESTON. It seems to me it is an area that needs examination.

CONSTRUCTION BACKLOG

Senator HART. Mr. Fliakas, going back to the figures we were discussing before, let me see if I can get some perspective on the backlog and this year's request.

You indicated a construction backlog of $58.6 billion. This year's request is for $5.2 billion which contains, as I understand it, about $2 billion for housing.

Mr. FLIAKAS. Yes, sir. That, of course, is for the operation and maintenance of housing as well as a nominal amount for construction. Yes.

Senator HART. So that would leave, excluding housing, about $3.2 billion.

Mr. FLIAKAS. Yes.

Senator HART. Even if you calculated the rate of inflation at 10 percent—which obviously is low at the present time—on the current backlog, that is a $5.8 billion per year increase moving into the 1980's just as a result of inflation. Yet your construction program, excluding housing, is $3.2 billion. I know the role that M-X plays in that, but let's leave M-X out. The backlog without M-X, as I understand your testimony, is about $37 billion plus.

Mr. FLIAKAS. Yes.

Senator HART. If you use the same calculations of a normal 10-percent inflation rate that is a $3.7 billion increase per year resulting from inflation, or put another way, a decrease in the purchasing power and again that compares to the construction request this year, excluding housing, of $3.2 billion. The point I am trying to make is we are falling behind. We are not only not keeping up with the rate of inflation on the backlog, but we are falling behind even though this is a larger request than we have ever had. What are your opinions and thoughts on that problem?

Mr. FLIAKAS. Your perception is correct, Mr. Chairman. We are not getting there and there is no way to get there from here using those figures. Now even if we discount that estimate of $37 billion by whatever amount, it is still too high. It is an unconstrained requirement, if you will, one that is subjected annually to a budget scrub and a priority review and as you get closer to the program year the estimate gets better. As you look into the out-years of course it gets a little fuzzier but, as I say, even if you discount it and by whatever factor, it is still too high.

We, of course, as I indicated last year to you, figure that an annual program for military construction should be, if we are to retire that backlog and meet these facility deficiencies, should be in the $5 to $6 billion range. But what with the increasing demand and the competition for dollars, I just cannot realistically say that we are going to do it. As Senator Huddleston pointed out earlier, the decision to defer is easy to make, whether it is for maintenance or whether it is to replace old and deteriorated facilities. With many of these facilities we are making do but they no longer meet the mission requirements. It is not only a concern of ours because there is no question but it impacts on the health and welfare and morale of our troops and our people who are there and have to live and work under those conditions. We feel that we do make an effort every year to meet the highest priority of requirements.

Senator HART. Are you at liberty to discuss your request you sent to OMB?

Mr. FLIAKAS. Sir, we go through a series of budget exercises that are what we call a minimum level, a basic level that has about seven or eight bands within the basic and then what we call an enhanced level. The enhanced level is something that is just beyond our ability to provide. It is everything in there that we feel that we should have but you could call it a wish list. But I mean in the favorable way.

After the Secretary met with the President a line was drawn with regard to which band of that basic level could be provided for within the budget guidelines and the targets that the Secretary received from the President and from OMB.

There were some adjustments that were made and we review very critically the service requirements but ultimately it comes to a budget exercise.

Senator HART. What was the high-side figure, the wish-list figure?

Mr. FLIAKAS. For military construction?

Senator HART. Yes.

Mr. FLIAKAS. I will furnish a better figure for the record but I believe it was closer to the $6 billion level.

[The information follows:]

For military construction, the Defense Components submitted $6.2 billion at the enhanced level.

Senator HART. Senator Huddleston and the rest of us who have the responsibility of looking this over every year share your concerns about the priorities, about the real needs, and I think those that travel to some of our facilities around the world understand the problems that you face. I agree with you it is a morale problem in some respects. I don't think we can hire people, or retain people to defend the country and then not give them basic adequate facilities and those are getting more expensive all the time. It is a very serious problem.

I have no further questions.

Senator HUDDLESTON. I have other questions that I will submit.

Admiral Iselin and General Trundy, don't think we have totally ignored you.

Senator HART. We will get to you at subsequent hearings but for now we will adjourn this session.

We will meet again at 2 p.m. tomorrow. Thank you very much.

Without objection, I would like to enter into the record questions propounded by our colleagues Senator Tower, Senator Thurmond, Senator Humphrey, and Senator Schmitt.

[The questions with answers supplied follow:]

QUESTIONS SUBMITTED BY SENATOR JOHN TOWER, ANSWERS SUPPLIED BY GENERAL READ, GENERAL GILBERT, GENERAL TRUNDY, AND ADMIRAL ISELIN

Senator TOWER. What percentage increases have you experienced over the past 5 years in the energy/pollution accounts as compared with the operational accounts of your budget?

ARMY

General READ. Overall, the Military Construction, Army program has increased over 65 percent, from a funded level of $593.3 million in fiscal year 1977 to a requested level for fiscal year 1981 of $980.3 million. Energy conservation has increased over 20 percent, from $59.5 million funded in fiscal year 1977 to $71.7 million requested in fiscal year 1981. Pollution abatement has decreased approximately 5.5 percent from a funded level of $73.4 million in fiscal year 1977 to a requested level of $69.4 million in fiscal year 1981. A comparison of fiscal year 1977 and fiscal year 1981 by category is tabulated below:[1]

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[1] Not including general authorization.

[Dollar amounts in thousands, fiscal years]

Category	1977 funded	1981 requested	Percent increase/ decrease
Operations and training facilities	$13,000	$83,900	+545
Maintenance and production facilities	34,100	209,900	+516
R.D.T. & E. facilities	20,900	14,800	−29
Supply facilities [1]	52,100	72,600	+39
Medical facilities	75,200	153,100	+104
Housing and community facilities	168,200	148,600	−12
Utilities	17,600	37,100	+111
Energy	59,500	71,700	+21
Pollution abatement	73,400	69,400	−5.5

[1] Includes administrative facilities.

NAVY

Admiral **Iselin**. Since fiscal year 1976, and including this year's budget request, the Navy average annual construction funding for energy conservation and pollution projects has been 13 percent of the budget. There has been no up or down trend in the annual percentage, except for the single year fiscal year 1980 when it jumped to 21.5 percent. The balance of each year's budget can be considered the "operational" account, under a broad definition including operational, training, maintenance, personnel support and utilities projects in that category.

MARINE CORPS

General **Trundy**. Since fiscal year 1976, and including this year's budget request, the average annual construction funding for Marine Corps energy and pollution projects have been 13 percent of the Marine Corps share of the MILCON budget. The portion of the Marine Corps budget directed to these projects have ranged from a low of 7 percent in fiscal year 1979 to a high of 20 percent in fiscal year 1977 and 13 percent in this year's budget.

AIR FORCE

General **Gilbert**. The following chart compares dollars and percentages of the energy/pollution versus operational accounts for 5 years.

MCP–ENERGY/POLLUTION VERSUS OPERATIONAL ACCOUNTS

[Dollar amounts in millions, fiscal years]

	Total program	Energy/pollution		Operational [1]	
		Cost	Percent of program	Cost	Percent of program
1981 to Congress	$815.3	$80.1	1.0	$455.5	55.9
1980 approved by Congress	565.5	48.4	.9	309.0	54.6
1979 approved by Congress	483.3	70.3	1.5	231.6	47.9
1978 approved by Congress	407.0	46.0	1.1	134.5	33.0
1977 approved by Congress	[2] 807.8	[2] 98.7	1.2	550.6	68.1

[1] Operational account consists of systems acquisition and readiness-type facilities.
[2] Includes fiscal year 1977 supplemental program.

Senator **Tower**. In what general area of military construction activity would you favor any budget increases being placed?

ARMY

General **Read**. Our initiatives to improve the manning, equipping, training, mobilizing, deploying and sustaining the force and the readiness of our forces deployed overseas must receive constant close attention. Providing our soldiers with a living and working environment (such as barracks and maintenance facilities) which fosters in the soldier, a desired to consider continued active duty as an attractive career is equally essential. Thus, I would favor a balanced budget increase in the readiness and quality of life areas.

NAVY

Admiral ISELIN. The Navy will favor increasing annual capital investment in depot maintenance facilities—the eight Naval Shipyards and the six Naval Air Rework Facilities. Backlogs of $1,500 million and $300 million, respectively, exist in these categories. Replacement or upgarde of the numerous inadequate shops, power plants, utilities systems and management buildings now in use would improve productivity and yield greater support to the Fleet from the limited civilian work force now authorized.

Other Navy categories needing greater emphasis are modernization and automation of Supply Center facilities, and new personnel support facilities to improve quality of life for service members and dependents. The latter is a category likely to receive immediate attention in upcoming budgets as a stimulus to voluntary career service.

MARINE CORPS

General TRUNDY. The Marine Corps would apply the majority of any increases to the MILCON budget toward reducing the maintenance and operational construction backlog.

AIR FORCE

General GILBERT. We favor providing additional funds to modernize or replace obsolete existing base facilities. Such a budget increase would greatly improve the efficiency of our people. It would also result in energy savings and much lower O&M costs. Finally, it would demonstrate support to our most important resource, our personnel. The backlog of our base modernization program is $6 billion. It is in this array of obsolete facilities where our people work and live.

Senator TOWER. Are you maintaining an inventory of excess training and living facilities in the event of a mobilization? How do such facilities rate on your priority lists?

ARMY

General READ. Army installations not required to support peacetime requirements, but required for mobilization, are normally licensed to individual states for their use in support of Army National Guard and Army Reserve Component training. The licenses have provision for recapture by the Federal Government under specified conditions, to include mobilization. Additionally, we are studying the feasibility of retaining certain facilities scheduled for demolition, for possible application to mobilization requirements.

The Army has not programed funds for facilities dedicated exclusively to mobilization requirements. Maintenance and repair work at installations licensed to the states is carried on at minimal levels, due to shortfalls in the level of Operation and Maintenance funding.

We have recently conducted analyses of the availability of training and living facilities at proposed Active Army mobilization training installations, to determine their ability to accommodate projected mobilization populations. It is at these installations where the greatest impact on living and training facilities would be felt in a mobilization. From these analyses, we have established what facility shortfalls would exist. We are using this information as part of our overall mobilization planning, with the objective of determining total premobilization capital investment requirements.

NAVY

Admiral ISELIN. At the Navy's three Recruit Depots—Orlando, Great Lakes, San Diego—there exists now capacity for training larger number of recruits than needed in peacetime. We are not programming facilities to increase such capacity, but endeavor to retain facilities for the surge capability in good maintenance condition.

In general, facilities that would solely support a mobilization mission are not addressed in current military construction budgets and, as such, have no priority.

MARINE CORPS

General TRUNDY. At the Marine Corps Recruit Depots at Parris Island, S.C. and San Diego, Calif., there exists the capacity for training a larger number of recruits than needed in peacetime. No additional facilities are being programmed to increase such capacities, however, the existing facilities are maintained in the best condition possible considering the limited resources available.

In general, facilities that could solely support a mobilization mission are not addressed in current military construction budgets, and as such, have no priority.

AIR FORCE

General GILBERT. The Air Force maintains excess facilities in its inventory until they are disposed of by the General Services Administration. No excess facilities are retained in the inventory for mobilization purposes. No projects of this nature are proposed on our priority lists.

Senator TOWER. Provide for the record, your highest priority unfunded projects up to 10 percent above your requested budget.

ARMY

General READ. The projects listed below represent the Army's highest priority unfunded projects, and total $105,522,000.

Station	Project description	Cost (thousands)
Fort Bragg	Enlisted barracks	$1,750
Presidio of San Francisco	Hospital emergency egnerator	750
Fort Hood	Tactical equipment shop	3,250
Rock Island Arsenal	Alter administration (II and III)	9,300
Germany	Physical fitness center, Goeppingen	2,950
Fort Lewis	Instrument landing system	350
Presidio of Monetery	General instruction facility	6,847
Fort Belvoir	Heating fuel storage tanks	1,800
Schofield/Wheeler	Aircraft maintenance hangar	8,400
Fort Dix	Fuel oil storage facility	710
Fort Stewart	Division logistics facility	5,206
Fort Jackson	Hospital—Electrical/mechanical upgrade	16,500
Fort Eustis	General instruction building addition	3,700
Schofield Barracks [1]	Dental clinic	2,770
Kwajalein	Marine shop	1,250
Schofield Barracks	Dining facility modernization	2,200
Fort Hunter-Liggett	Technical documentation facility	2,121
Fort Leavenworth	Upgrade Munson Army Hospital	9,900
Aberdeen Proving Grounds	Storm sashes on buildings	750
Fort Bragg	Yadkin Rd. extension	1,910
Fort Benning	Brigade maintenance facilities	2,929
Fort Jackson	Consolidated communications facility	956
Walter Reed AMC	Addition/alteration—Building 1	13,600
Germany	Athletic courts, Baumholder	900
Fort Huachuca	USAIS Board operations facility	1,980
Fort Bragg	Child care center	1,894
Fort Bliss	Dining facility modernization	849
Total		105,522

[1] Authorized by the Congress but not appropriated in fiscal year 1980.

NAVY

Admiral **Iselin.**

NAVY—FISCAL YEAR 1981 MILCON, ADDITIONAL PROGRAM REQUIREMENTS (IN PRIORITY ORDER), ACTIVE FORCES

Location: Project	Millions	Design (percent)
NAVCAMSEASTPAC: SATCOM control		
NAVCAMSLANT: SATCOM control	$2.0	30
Classified location: SATCOM terminal	.7	30
NAVCAMSLANT: SATCOM terminal	2.1	30
NF Brawdy: Support facilities expansion	.9	35
NAS Norfolk: Training building (H-53D)	2.8	35
NAS Memphis: Cold storage warehouse	.9	35
NAF Sigonella: GSE shop	.9	105
NAF Sigonella: UEPH (288)	2.9	35
NAF Sigonella: Hangar sprinkler system	4.1	35
NAF Sigonella: Vehicle maintenance facility	1.8	100
NAF Sigonella: AFRTS building	1.8	105
NSY Portsmouth: Machine/central tool shop	1.1	105
NSY Puget Sound: Ship support service center	11.0	60
NSY Charleston: Water distribution lines improvement	3.0	90
NSY Long Beach: Fire protection pipeline	2.1	30
NSC Norfolk: Container operations facility	4.1	85
NSY Pearl Harbor: Service shops	8.8	105
NAS Miramar: Eng maintenance shop	14.0	30
NAB Little Creek: Spec warfare operations building	2.0	105
	6.0	100
Total	73.0	

MARINE CORPS

General **Trundy**

MARINE CORPS—FISCAL YEAR 1981 MILCON, ADDITIONAL PROGRAM REQUIREMENTS

Location: project	Millions	Design (percent)
MCAS(H) New River: UEPH	$4.6	50
MCLB Barstow: Heating distribution system	5.0	100
MCAS Cherry Point: Aircraft parking apron	6.0	100

AIR FORCE

General **Gilbert.** While the active Air Force has many valid unfunded projects which have not yet been submitted to the Congress, our most pressing need is to correct the $110 million MCP underfunding in fiscal year 1980 and prior years. As a direct result of this fiscal restraint, we have been forced to defer approved projects to the next fiscal year and displace other approved projects. This bow wave, coupled with the $80 million Space Shuttle bid increase has significantly distorted our fiscal year 1980 approved programs, forcing previously approved projects valued at approximately $176 million into future years.

In addition to those projects deferred due to underfunding, the list below represents the top 21 unfunded projects not previously submitted to the Congress. These projects, all under design, reflect the highest priorities in a broad range of categories.

Location	Project	Cost
Operations/training		$12,000,000
Fairchild AFB, Wash	Flight simulator training facility	(2,500,000)
Various (Europe)	Minimum essential operating facility	(8,200,000)
RAF Alconbury, United Kingdom	NAVAIDS (ASR/PAR/ILS)	(1,300,000)
Maintenance		14,600,000
McClellan AFB, Calif	Depot hydraulic facility	(9,100,000)
Kadena AB, Okinawa	Add to and alter avionics facility	(2,300,000)
Dover AFB, Del	Add to hydrant refuel system	(3,200,000)
R. & D		4,900,000
Wright-Patterson AFB, Ohio	Systems management engineering facility	(4,900,000)
Supply		1,450,000
RAF Mildenhall, United Kingdom	Diesel fuel storage	(1,450,000)
Medical		500,000
Keesler AFB, Miss	Medical food inspection facility	(500,000)
Administrative		4,250,000
Reese AFB, Tex	Consolidated base personnel office	(2,400,000)
England AFB, La	Consolidated support center	(1,850,000)
Troop housing		7,200,000
Chanute AFB, Ill	Unaccompanied enlisted personnel housing (504 PN)	(5,500,000)
RAF Woodbridge, United Kingdom	Unaccompanied enlisted personnel housing (112 PN)	(1,700,000)
Community		8,400,000
King Salmon Apt, Alaska	Composite support facility	(6,200,000)
Travis AFB, Calif	Chapel center	(2,200,000)
Utilities		12,000,000
Seymour-Johnson AFB, N.C.	Regional sewer connection	(1,600,000)
Ellsworth AFB, S. Dak	do	(4,800,000)
Tinker AFB, Okla	Alter electrical distribution	(5,600,000)
Water pollution		4,000,000
Andersen AFB, Guam	POL storage dikes	(4,000,000)
Energy		12,100,000
Arnold AFS, Tenn	Heat plant coal conversion	(11,500,000)
Peterson AFB, Colo	Fuel oil standby storage	(600,000)
Total		81,400,000

QUESTIONS SUBMITTED BY SENATOR JOHN TOWER, ANSWERS SUPPLIED BY GENERAL GILBERT, MILITARY CONSTRUCTION CHIEF, AIR FORCE

Question. General Gilbert, what priority would you attach to the beddown of the first three flights of the ground launched cruise missile (GLCM) in NATO?

Answer. Very high priority. The upgrade of the theater nuclear forces in Europe, of which the GLCM is a part, is an initiative that is being given high priority on all sides.

Question. Although NATO direct funding is possible on this program, I assume its high priority justifies the approach you are recommending.

Answer. Yes sir, it does. We are looking at a very tight construction schedule to meet the initial operational capability in theater and the fiscal year 1981 MILCON program is the most responsive funding source. We are just too late in the cycle to include the work in NATO Infrastructure slice 32 and the next slice, 33, to be funded in January 1982, would not allow sufficient construction time to meet the need data. We do intend to include this work in the NATO slice 33 program for recoupment. We expect all following operational requirements to be funded by NATO.

Question. Do we have other NATO projects which fall in the same category?

Answer. No, we do not in this year's program. We do have a project for a control tower at RAF Lakenheath for which we will ask for some conjunctive NATO funding, but the majority of that project is required for our peacetime flying operations. NATO funding would only be for the austere minimum military wartime requirement.

Question. General Gilbert, is there a possibility that the military construction aspect of M–X could be the pacing item in view of the dispute over the basing mode?

Answer. The military construction aspect of the M–X would probably be a pacing item even with the absence of a dispute over the basing mode. The environmental analysis and land withdrawal processes will restrict construction start until early 1982. Accomplishing the M–X construction between 1982 and 1989 is an ambitious program, but is achievable. However, the schedule for achieving this goal dictates starting design of the fiscal year 1982 military construction program in July 1980. Accordingly, the continued dispute over the basing mode past July 1980 could jeopardize the M–X program schedule.

Question. Did you seek a greater level of funding in this program than that approved?

Answer. We are satisfied with the basic funding of this program. The future years construction programs will probably be adjusted based on actual inflation rates and refinements during full scale engineering development of the system.

Question. General, in this year's budget you have requested $7.8 million for the unaccompanied enlisted personnel housing facility at Randolph. What other similar type projects in Texas were requested but not funded?

Answer. There were four other unaccompanied personnel housing projects proposed by our Texas bases; alter 412 spaces at Reese AFB for $3,100,000; alter 460 spaces at Kelly AFB for $3,600,000; replace 1000 substandard spaces with new construction at Lackland for $10,000,000; and a new 120 space officer quarters at Sheppard for $5,700,000. All these projects are valid requirements and are being proposed for fiscal year 1982–83 funding.

Senator TOWER. Provide for the record a brief explanation of the cancer treatment facility at Lackland.

ANSWER. The Radiation Therapy Addition/Alteration is an expansion of the existing Radiation Therapy area to provide linear acceleration treatment capability for Wilford Hall USAF Medical Center (WHMC). Wilford Hall USAF Medical Center maintains residency training programs in 30 specialties, is the lead hospital in DOD Medical Region 5, and serves as a worldwide Air Force cancer treatment center. The cancer treatment activities involve nearly all the residency training programs at WHMC. Radiation therapy is an integral part of this teaching mission and linear acceleration is essential in providing the current treatment modality in this specialty. High energy radiation reduces damage to healthy tissues and provides better dose uniformity to tumors. Reduced complication rates are a result of this damage reduction to skin and cital organs. This treatment modality is now the choice for many deep seated malignancies. This facility project was coordinated with the Camino Real Health Systems Agency of San Antonio, Texas, and was approved by the DOD Health Council and the DOD Hospital Planning Review Committee.

Senator TOWER. What is the current Air Force position on the Hamilton Court housing situation in Oklahoma? Do you still favor the Public housing conversion?

ANSWER. We do not consider it advisable, or in the best interests of the Air Force to convert this public housing to use as family housing for military personnel at Tinker AFB. This position is based on both the distance from the base and an economic evaluation of the costs to rehabilitate the deteriorated housing. We prefer, instead, to construct new housing on base to partially satisfy the requirement for military family housing. To accomplish this we are proposing to construct 200 new units on Tinker under the FY 80 authorization using prior year appropriations available to the Air Force.

QUESTIONS SUBMITTED BY SENATOR JOHN TOWER; ANSWERS SUPPLIED BY GENERAL READ, DEPARTMENT OF THE ARMY

Senator TOWER. General Read, I note that a number of the projects requested by installations in Texas are not included in this budget. Would you provide for the Record information as to what point in the budget process these projects were deleted and why they were deleted?

General READ. In addition to those projects in the fiscal year 1981 MCA program, the projects listed below were also submitted to Department of the Army for inclusion in the fiscal year 1981 program. They were not included in the program due to other, higher priority Army requirements and have been deferred for consideration in future year programs.

	Cost (thousands)
Fort Hood:	
Tactical equipment shop	$2,454
Company administration and supply building	4,456
Hangar with shops	4,503
Water storage, North Fort Hood	1,717
Company administration and supply building	4,986
Fort Sam Houston: Main post office	729

Senator TOWER. Will any new facilities be required at Fort Hood for the XM1 operational field tests of the first production tanks?

General **Read**. The Army does not need any new facilities to support operational testing of the XM1 tank at Fort Hood. The XM1 will use the same maintenance facilities and parking areas used by the M60 tanks which it is replacing.

Senator **Tower**. General Read, I am pleased to note the Army has requested funding for the division headquarters and operation building at Fort Hood. When do you expect that facility to be available for use?

General **Read**. If funded by the Congress in this budget request, the headquarters and operations facility at Fort Hood is scheduled to be completed in September 1982.

Senator **Tower**. Explain for the record the concept embodied for the Troop Medical Clinic for Fort Sam Houston.

General **Read**. This clinic will be located in the Troop Housing Area of Fort Sam Houston, convenient to both the permanent party enlisted personnel and the enlisted and officer students of the US Army Academy of Health Sciences. The project will consolidate Health Care Services presently provided in seven temporary and two permanent Troop Health Facilities which are dispersed over the post. Several of these existing buildings are inconveniently located for support of the troop population. The proposed consolidation clinic will eliminate the deplorable conditions under which health care is presently rendered. The consolidation concept of this project will make possible improved efficiency and service. There will be a decrease in lost duty time because of a convenient single location for medical, optometry, physical examination and immunization clinic services. Additionally, the consolidation will result in more efficient use of medical resources to include personnel.

HOUSTON 1200-MEMBER ARMY RESERVE CENTER

Senator **Tower**. Is the 1200-member Army Reserve Center at Houston a new type center or does it follow the general approach used in such centers over the past few years?

General **Read**. There is no standard type of 1200-member Army Reserve Center. The design at Houston, Texas follows normal construction practice as well as providing for internal standard functional use areas.

QUESTIONS SUBMITTED BY SENATOR STROM THURMOND, ANSWERS SUPPLIED BY PERRY J. FLIAKAS, DEPUTY ASSISTANT SECRETARY OF DEFENSE

Senator **Thurmond**. Secretary Fliakas, how does the construction backlog for fiscal year 1980 compare with that of fiscal year 1981?

Answer. Senator Thurmond, the backlog figure cited in my statement on the fiscal year 1980 Military Construction Program was $31.8 billion for the three active military services only. Similarly, the fiscal year 1981 backlog for the same activities is $32.9 billion. However, in addressing the backlog in my statement on the fiscal year 1981 program, we have chosen to include the Guard and Reserve components, the Defense Agencies and Family Housing in order to give a clearer picture of the total facilities backlog. Accordingly, the total fiscal year 1981 backlog is $58.6 billion of which $21.6 billion is for facility support of the Air Force M–X missile.

Senator **Thurmond**. What plan or procedure are you following to make significant reductions in this backlog?

Answer. While inflation, funding constraints and the keen competition for available Defense funds have made our task extremely difficult, we have established a goal of developing a level of funding which will not only keep pace with inflation but will permit timely liquidation of the backlog. However, future progress in overcoming this deficit will continue to depend on the collective effects of a significant reduction in inflationary trends in the nation's economy and substantial increases in future military construction budgets.

Senator **Thurmond**. Since inflation for fiscal year 1980 was underestimated, how are you addressing these shortfalls?

Answer. Projects are now being awarded on a scheduled basis. Priorities are reviewed on a continuing basis. Secondly, we anticipate savings from awards as the construction industry becomes more competitive. Finally, we will consider a lump sum amount, to make up the shortfall, in the forthcoming fiscal year 1982 program/budget process for possible submission in the President's budget submission.

Senator THURMOND. List for the record the highest priority unfunded projects in each of your major categories.

Mr. FLIAKAS. The highest priority unfunded projects for the Army by categories are as follows:

Station	Project description	Cost (thousands)
Operation and training:		
Fort Lewis	Instrument landing system	$350
Presidio of Monterey	General instruction facility	6,847
Fort Eustis	General instruction building addition	3,700
Fort Hunter-Liggett	Technical documentation facility	2,121
Fort Jackson	Consolidated communication facility	1,956
Fort Huachuca	USAIS Board operations facility	1,980
Subtotal, operation and training		16,954
Maintenance and production:		
Fort Hood	Tactical equipment shop	2,940
Schofield/Wheeler	Aircraft maintenance hangar	8,400
Kwajalein	Marine shop	1,250
Fort Benning	Brigade maintenance facilities	2,095
Subtotal, maintenance and production		15,495
Supply facilities:		
Fort Dix	Fuel oil storage facility	710
Fort Stewart	Division logistics facility	5,206
Subtotal, supply facilities		5,916
Hospital and medical:		
Fort Jackson	Hospital—Electrical/mechanical upgrade	16,500
Schofield Barracks[1]	Dental clinic	2,770
Fort Leavenworth	Upgrade Munson Army Hospital	9,900
Walter Reed AMC	Addition/alteration—Building 1	13,600
Subtotal, hospital and medical		42,770
Administrative: Rock Island Arsenal	Alter administration HQ (II and III)	7,140
Subtotal, administrative		7,140
Housing and community:		
Fort Bragg	Enlisted barracks	1,750
Germany	Physical fitness center, Goeppingen	2,950
Schofield Barracks	Dining facility modernization	2,200
Germany	Athletic courts, Baumholder	900
Fort Bragg	Child care center	1,894
Fort Bliss	Dining facility modernization	849
Subtotal, housing and community		10,543
Utilities:		
Presidio of San Francisco	Hospital energency generator	750
Fort Belvoir	Heating fuel storage tanks	1,600
Aberdeen Proving Grounds[2]	Storm sashes on buildings (ECIP)	750
Fort Bragg	Yadkin Road extension	1,910
Subtotal, utilities		5,010
Grand total		103,828

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[1] Authorized by the Congress but not appropriated in fiscal year 1980.

[2] Energy conservation investment program.

Question. Mr. Secretary, list for the record the highest priority unfunded projects in each of your major categories.

Answer.

NAVY

Location: Project	Project No.	Millions	Design status (percent)
Communications:			
NAVCAMSEASTPAC: SATCOM control	126	$2.0	35
NAVCAMSLANT: SATCOM control	962	.7	35
Classified location: SATCOM terminal	303	2.1	35
NAVCAMSLANT: SATCOM terminal	740	.9	35
Shipyard modernization:			
NSY Portsmouth: Machine/central tool shop	191	11.0	60
NSY Puget Sound: Ship support service center	421	3.0	95
NSY Charleston: Water distribution lines improvement	623	2.1	35
NSY Long Beach: Fire protection pipeline	106	4.1	80
NSY Pearl Harbor: Service shops	213	14.0	35
Europe:			
NAF Sigonella: GSE shop	286	2.9	35
NAF Sigonella: UEPH (288)	724	4.1	35
NAF Sigonella: Hangar sprinkler system	215	1.8	100
NAF Sigonella: Vehicle maintenance facility	242	1.8	100
NAF Sigonella: AFRTS building	749	1.1	100
Operations and training:			
NF Brawdy: Support facilities expansion	007	2.8	35
NAS Norfolk: Training building (H-53D)	973	.9	35
NAS Miramar: Eng maintenance shop	253	2.0	100
NAB Little Creek: Spec warfare operations building	195	6.0	100
Supply:			
NAS Memphis: Cold storage warehouse	049	.9	100
NSC Norfolk: Container operations facility	207	8.8	100

Question. Mr. Secretary, list for the record the highest priority unfunded projects in each of your major categories.

Answer. While the active Air Force has many valid unfunded projects which have not yet been submitted to the Congress, our most pressing need is to correct the $110 million MCP underfunding in fiscal year 1980 and prior years. As a direct result of this fiscal restraint, we have been forced to defer approved projects to the next fiscal year and displace other approved projects. This bow wave, coupled with the $80 million Space Shuttle bid increase has significantly distorted our fiscal year 1980 approved programs, forcing previously approved projects valued at approximately $176 million into future years.

In addition to those projects deferred due to underfunding, the list below represents the top 21 unfunded projects not previously submitted to the Congress. These projects, all under design, reflect the highest priorities in a broad range of categories.

Location	Project	Cost
Operation/training		$12,000,000
Fairchild AFB, Wash	Flight simulator training facility	(2,500,000)
Various (Europe)	Minimum essential operating facility	(8,200,000)
RAF Alconbury, United Kingdom	NAVAIDS (ASR/PAR/ILS)	(1,300,000)
Maintenance		14,600,000
McClellan AFB, Calif	Depot hydraulic facility	(9,100,000)
Kadena AB, Okinawa	Add to and alter avionics facility	(2,300,000)
Dover AFB, Del	Add to hydrant refuel system	(3,200,000)
R. & D		4,900,000
Wright-Patterson AFB, Ohio	Systems management engineering facility	(4,900,000)
Supply		1,450,000
RAF Mildenhall, United Kingdom	Diesel fuel storage	(1,450,000)
Medical		500,000
Keesler AFB, Miss	Medical food inspection facility	(500,000)
Administrative		4,250,000
Reese AFB, Tex	Consolidated base personnel office	(2,400,000)
England AFB, La	Consolidated Support Center	(1,850,000)
Troop housing		7,200,000
Chanute AFB, Ill	Unaccompanied enlisted personnel Housing (504 PN)	(5,500,000)
RAF Woodbridge, United Kingdom	Unaccompanied enlisted personnel housing (112 PN)	(1,700,000)
Community		8,400,000
King Salmon Apt, Alaska	Composite support facility	(6,200,000)
Travis AFB, Calif	Chapel center	(2,200,000)
Utilities		12,000,000
Seymour-Johnson AFB, N.C	Regional sewer connection	(1,600,000)
Ellsworth AFB, S. Dak	do	(4,800,000)
Tinker AFB, Okla	Alter electrical distribution	(5,600,000)
Water pollution		4,000,000
Andersen AFB, Guam	POL storage dikes	(4,000,000)
Energy		12,100,000
Arnold AFS, Tenn	Heat plant coal conversion	(11,500,000)
Peterson AFB, Colo	Fuel oil standby storage	(600,000)
Total		81,400,000

Senator Thurmond. What steps would you suggest that Congress take to evaluate energy projects on the basis of energy savings as well as dollar savings?

Answer. Our current criteria does take into account the cost as it relates to the amount of energy saved. On October 21, 1977 we issued guidance, which went in effect beginning with the fiscal year 1979 Energy Conservation Investment Program, that established a priority system based on the largest energy savings per $1,000 of investment cost and the program average must be 41 MBtu/year/$1,000 invested. The benefit/cost ratio must exceed 1.0 for each project and an economic analysis based on the present worth technique must be used to determine the benefit/cost ratio. With this criteria in being we see no need for the Congress to establish additional criteria.

Senator Thurmond. Mr. Secretary, in view of the progress made in energy and pollution abatement projects, do you feel Congress should tilt now more towards shortage in operational requirements?

Answer. We believe we have made significant progress in the energy conservation and pollution abatement programs, however, our retrofit solutions for the Energy Conservation Investment Program are becoming more complex and we expect requirements to peak by fiscal year 1983. We just cannot relax our efforts in this area. Likewise, in the pollution abatement program we must by law identify and correct air and water pollution problems. Our programing for all our facility deficiencies must be properly balanced. I can assure you that the operational requirements are now given the proper attention since they directly affect military readiness.

Senator Thurmond. If so, how do you suggest this be addressed from an authorization standpoint?

Answer. We are striving to arrive at a delicate balance between the various programs and projects which are reflected in our total facilities backlog. We are and have been most appreciative of your and your committee's understanding and support of our efforts to achieve a strong base structure. Your continued support of our programs will help assure that the many competing priorities are addressed in a timely and effective manner.

Senator Thurmond. Mr. Secretary, recognizing that the Guard and Reserve constitute about 30 percent of the total force, do you personally favor a level of spending higher than the fiscal year 1981 proposal since it only averages what was being done in the 1970's?

Answer. The proposed fiscal year 1981 funding level for Guard and Reserve construction is in the vicinity of that needed to contain growth in the backlog. Unless future programs contain exceptionally large requirements for new missions or equipment changes, authorization levels in the range of $180–$200 million/year should be sufficient.

Senator Thurmond. Mr. Secretary, provide for the record what you see as the major disadvantages of the phased funding for major projects which is proposed in this bill for the first time?

Answer. The major disadvantage to phased funding is the dependency on future Congressional action to provide funding required in follow-on years for completion of projects.

Senator Thurmond. How will the construction, operation, and maintenance costs of dependent schools be finance in future years?

Answer. The construction, operation, and maintenance costs of dependents schools will eventually be finance from the Department of Education budget. The actual real property work will continue to be performed by the various military departments on a reimbursable basis.

Senator Thurmond. Mr. Secretary, the request for $11.4 million for community facilities at Bangor and Kings Bay seems excessive. Provide for the record a brief summary and justification for these projects.

Answer. The Community Facilities at Naval Submarine Base, Bangor, Washington and Naval Submarine Base, Kings Bay, Georgia are as follows:

	Million
Naval Submarine Base, Bangor, Washington: Youth center	$1.0

This youth center is needed to support the dependent youth population of the Navy families to be assigned to the Trident base and its submarines. It is anticipated that for the nearly 5500 active duty military personnel assigned to the base, approximately 3000 dependents will be eligible to use this facility. The local communities are rural in nature, separated from the base, and do not have programs capable of absorbing the influx of these military dependents. The

Youth Center will provide a supervised program with sports, games, dances, hobbies, and various classes such as cooking and crafts, and will accommodate Scouting and other youth organizations.

Naval Submarine Support Base, Kings Bay, Georgia:

	Million
Outdoor swimming pool	$1.3
Theater complex	1.6
Personnel support facilities	5.9
Educational services center	0.9
Community services center	0.7
Total	10.4
Bangor and Kings Bay total	11.4

The Kings Bay facility development program to support the relocated FBM squadron from ROTA Spain ends with the fiscal year 1981 program. Community support facilities predominate because operational projects were necessarily programmed first in fiscal year 1978 and fiscal year 1979 to achieve a 1 July 1979 operational capability. These community facilities are in direct support of the nearly 4000 military personnel and their dependents at Kings Bay, which is located over an hours drive from Jacksonville, Florida, the nearest community capable of supporting this large an influx of personnel. No facilities exist, either on base or in the immediate vicinity to support the military personnel and their dependents assigned to Kings Bay.

These facilities have been designed with the goal of optimizing the consolidation of functions while retaining the potential for future expansion or modification in the event that Naval Submarine Support Base, Kings Bay is ultimately selected as the site for a Trident base.

The Swimming Pool will provide a recreational and physical fitness facility that will be available to all personnel. No swimming facilities exist on base. The closest beach area is Fernandina Beach, about 30 miles from the base. There are private pools in the area, but membership is required. The one public pool in Camden County at the State Park is five miles from the base and is not large enough to accommodate a large number of military personnel and their dependents.

The theater complex consists of a 250-seat theater for movies and small stage presentations, a separate 150-seat all-faith chapel, and a religious education/multipurpose area. The building has the potential to later be modified to provide additional theater space. A separate chapel would be constructed if the base were to support a combined Trident/Poseidon population.

The Personnel Support Facilities project includes two separate buildings, one Unaccompanied Enlisted Personnel Quarters (UEPQ) for 49 personnel and one Consolidated Club and dining area for all enlisted personnel and officers. The UEPQ provides berthing for the station personnel only, as the enlisted personnel assigned to submarines and tender are berthed on ships. The consolidated club will provide recreation facilities for officer and enlisted personnel as well as providing essential meals to the military since no other dining facility exists on base.

The Educational Services Complex contains a small library and facilities for educational services. The facility will be used by active duty military and their dependents for recreational reading and for continuation of education through on-base college classes, video cassette learning, and service sponsored educational programs.

The Community Services Center is a single facility for the Family Services Program and Youth Program. The building will provide a one stop facility where Navy personnel can seek information and assistance from such Navy and volunteer organizations as USO, Navy Relief Society, Ombudsman Program, and Red Cross. A separate Youth Center area will accommodate a supervised program of sports, games, dances, hobbies, special classes, as well as scouting and other youth organization activities.

Senator THURMOND. Mr. Secretary, kindly provide the same information for the $4.3 million sought by the Navy for chapels at three installations.

ANSWER. *Chapel Complex, Submarine Base, Bangor, Wash., $2,200,000.*—The Chapel Complex will contain a 400 seat all faith chapel, a multipurpose hall and classrooms for religious education. The complex is sized to support a projected military and dependent population of 11,500. Projection of present attendance at services conducted in a variety of buildings on a temporary basis indicates the facility will be utilized fully. Four chaplains to be assigned to the base will serve all faiths. The civilian churches in the vicinity of the base are small and are limited in their ability to accommodate the large influx of military and dependent personnel to their congregations. Furthermore, the churches are not fully representative of the broad spectrum of denominations found within Navy populations.

Chapel and Religious Education Building, Naval Weapons Station, Charleston, S.C., $1,000,000.—The project will provide a new 400 seat chapel and a religious education building. These facilities, along with the existing 245 seat chapel will support a military and dependent population of 23,000 people. Three chaplains will be available to serve all faiths. On a typical Sunday, four services are held in the present chapel, with 300 people attending the most crowded service. In addition, two services are held in the housing area theatre with near capacity attendance. Some religious education classes are conducted in trailers. Continued use of the theatre and trailers adversely effects the morale of service personnel and their families.

Chapel, Marine Corps Base, Camp Pendleton, Calif., $1,100,000.—This project will provide a 455 seat chapel to support the 1700 to 2400 recruit and permanent party Marines at the Edson Range area. There are no existing religious facilities in this area of Marine Corps Base Camp Pendleton. Services are presently being held in the open squad bays of the billeting areas when these areas are not occupied. The average attendance at these services is in excess of 400 with a total peak of 1145 worshipers. During the times the billeting areas are overcrowded, services cannot be held. There are no other military or civilian facilities within a reasonable distance to support the religious needs of these marines.

Senator THURMOND. Why are we paying such huge sums for chapels?

Answer. Several factors contribute to higher costs for chapels as to that of say an administration building. These factors are as follows:

Chapels require large clear span ceilings, 80 to 100 feet, vice an administration building which requires 20 to 24 feet spans.

The interior volume of a chapel is almost twice that of an administration building. The average ceiling height for the three fiscal year 1981 chapels are as follows:

Camp Pendleton, 16.0 feet; Bangor, 18.7 feet; Kings Bay, 20.0 feet.

Chapels require detailing of the interior space that is not required on a standard type building. Acoustical control is required for the large volume space. Versatility of the seating area is required to accommodate higher than normal attendance during religious holidays and to accommodate services for all faiths.

Comparing the relative unit cost of chapels to administration buildings based on the DOD Cost Review guide, chapels historically cost approximately 45 percent more than administration buildings. This is in line with the Navy's fiscal year 1981 Chapel program.

Question. For instance, provide information on the Air Force chapel center at Misawa AB, Japan which is proposed at a cost of $1.9 million.

Answer. On the average, military chapels have higher square footage costs than religious facilities constructed in the civilian community. Our religious facilities are designed to accommodate Catholic, Protestant, and Jewish services and religious counseling needs in the same facility. Thus our interior spaces must be highly flexible while at the same time reflecting a high level of workmanship, quality of materials and interior atmosphere indicative of a religious facility.

In the specific instance of Misawa AB, Japan, the cost is not at all excessive when one considers that construction costs in that area of Japan are 160 percent more costly than equivalent to the Washington, D.C. levels. When the area cost factor is deleted, the equivalent building cost falls to $81.25/SF.

Question. What increases have been allowed to the separate reserve components for fiscal year 1981? How do they compare with the increases for the regular services?

Answer. The following table compares the fiscal year 1981 request with fiscal year 1980 authorization:

[In millions of dollars]

Reserves	Total	Army		Navy and Marine Corps	Air Force	
		Guard	Army		Guard	Reserve
Fiscal year 1981 request	188.3	27.1	39.7	22.3	80.5	18.7
Fiscal year 1980 authorization	98.2	18.3	24.8	16.1	29.5	9.5
Difference	90.1	8.8	14.9	6.2	51.0	9.2
Percent difference	(92)	(48)	(60)	(39)	(173)	(97)

Active components	Total	Army	Navy	Air Force
Fiscal year 1981 request	2,413.4	895.6	898.1	619.7
Fiscal year 1980 authorization	1,800.4	768.1	489.6	542.7
Difference	613.0	127.5	408.5	77.0
Percent difference	(34)	(17)	(83)	(14)

Except for the Navy, the percent increase for the reserve components exceed that of the active components.

Question. What is the Reserve and Guard backlog for fiscal year 1980, fiscal year 1981?

Answer. The total Guard and Reserve backlog for fiscal year 1980 was reported as $2117 million in fiscal year 1980 dollars. The backlog for fiscal year 1981 is reported as $2501 in fiscal year 1981 dollars. The backlog for reserve components contains allowances for planning and design and for minor construction but does not contain future requirements for obsolescence or mission changes.

QUESTIONS SUBMITTED BY SENATOR STROM THURMOND, ANSWERS SUPPLIED BY GENERAL READ, DEPARTMENT OF THE ARMY

Senator THURMOND. General Read, was the $8 million for Panama originally programed or does it represent any new requirements?

General READ. The funds requested in this year's Military Construction budget are for projects to meet known, existing requirements and to effect compliance with the Panama Canal Treaty. There are no new requirements being met by this request. Projects related to the treaty are the dental clinic for $2,650,000, and the exchange warehouse, for $4,200,000. The Defense Satellite Communications System project for $1,250,000 is required to meet an existing requirement.

Senator THURMOND. What major spending is forecast for Panama over and above that cited during consideration of the implementing legislation?

General READ. There are currently three (3) additional projects under review and consideration for inclusion in future military construction programs through Fiscal Year 1986 beyond those reported as related to treaty implementation. They are dining facility modernization project for $447,000, a post chapel for $1,001,000 and an electrical distribution system for $1,182,000.

Senator THURMOND. General Read, I note a very low level of spending was requested for Fort Jackson despite the decision to retain this facility. What projects were requested by Jackson this year and why were they not included in the budget?

General READ. One project for Fort Jackson was submitted by the U.S. Army Health Services Command and was not included in this year's budget request. This project was for approximately $14 million, to accomplish electrical and mechanical upgrade of the Army Hospital there. It was not included in this year's budget request due to other, higher priority requirements.

Senator THURMOND. General, you are requesting $52 million for pollution abatement in DARCOM alone as well as $24 million for energy projects. Are you giving these programs higher priority than the operational needs?

General READ. Yes. We are required by law to correct active sources of air and water pollution. Mandatory compliance deadlines have already passed. We are now operating numerous facilities under agreements with the Environmental

Protection Agency and States to correct these non-complying sources as soon as possible. Failure to do so may result in cessation of operations, suits, fines or other administrative penalties. In the Energy program we have an executive mandate to achieve 20 percent BTU per square foot energy reduction by 1985. This can only be accomplished through the priorities we have established since 1976 in the Energy Conservation Investment Program.

Senator Thurmond. Is the emphasis in this area a response to congressional direction?

General Read. Yes. Compliance deadlines for achieving standards for air and water pollution abatement were contained in the Clean Air and Clear Water Act Amendments of 1977. Energy conservation goals were established in the National Energy Conservation Policy Act.

Senator Thurmond. What do you consider your highest priority projects in this budget?

General Read. In addition to the projects which meet directed programs, such as pollution abatement and energy conservation, projects which improve force readiness, and contribute to manning, equipping, training, mobilizing, deploying and sustaining the force are all considered of equal priority. Of course, support of our forces deployed overseas must always receive close attention to insure their immediate readiness, and to provide our soldiers a standard of living which promotes their continuing desire to serve.

QUESTIONS SUBMITTED BY SENATOR STROM THURMOND, ANSWERS SUPPLIED BY ADMIRAL ISELIN, DEPARTMENT OF THE NAVY

Senator Thurmond. Admiral Iselin, how do you determine the level of spending requested in this budget for the shipyard modernization program?

Admiral Iselin. Viewed in isolation, the Navy could provide sound justification for investing $100 million to $200 million per year in modernizing the Naval shipyards in keeping them current. However, under the fiscal restraint imposed on MILCON and all other Navy appropriations leading up to the budget submission to OSD each fall, it becomes obvious some lesser level will have to be addressed. Within the total MILCON budget, we have to address the Marine Corps construction, personnel initiatives such as enlisted bachelor housing and medical; strategic projects for Trident; and national directed programs such as pollution abatement, energy conservation and OSHA. In the case of the fiscal year 1981 budget, we sought shipyard modernization funding at two levels: Minimum $56.5 million, corresponding to a total Navy MILCON of $607.6 *million; and Basic* $85.8 million, corresponding to a total Navy MILCON of $856.3 million. In the final budget decision, fiscal year 1981 shipyard modernization was set at $56.2 million, and total Navy MILCON at the $703 million now before Congress. It is my judgment that this request represents the maximum affordable program which could be recommended to the Congress. The Navy's short-term objectives for the shipyard modernization is to invest in those essential projects designed to maintain current capabilities and functions, correct the most urgent deficiencies, and to meet known support requirements for overhauling new ships. In the long-term, the objective is to upgrade the Naval shipyards to the degree necessary to make them productive facilities capable of providing the full range of support necessary for overhauling assigned Navy ships in the most efficient manner. Until the total Navy MILCON budget is substantially increased, it will be difficult to raise the Shipyard Modernization Program above the average $56 million per year which has occurred since 1977. To do so would require deferral of projects which are considered to be of greater immediate need and priority.

Senator Thurmond. Provide for the record the 10 highest priority shipyard modernization projects not funded in this budget.

Admiral Iselin. There are numerous high priority projects which are designed to maintain current capabilities and functions, to meet support requirements for overhauling new ships, and especially to correct most urgent deficiencies (such as Power Plant improvements at Puget Sound, Norfolk and Charleston). The ten highest unfunded projects (whose design status is such that the project could be executed) are:

Shipyard. Title	Project No.	Estimated cost
Portsmouth: Machine/central tool shop (3d increment)	191	$11,000,000
Puget Sound: Ship support service center	421	3,000,000
Charleston: Water distribution lines improvement	623	2,100,000
Long Beach: Salt water system improvement	106	4,100,000
Pearl Harbor: Service shops	213	14,000,000
Norfolk: Utilities improvement	186	4,900,000
Charleston: Crane/equipment maintenance facility	945	12,000,000
Mare Island: Dredging, entrance channel	234	5,700,000
Charleston: Superflood pumps, dry dock No. 2	095	1,100,000
Philadelphia: Collimation tower	495	500,000
Total		58,400,000

Senator THURMOND. Why was the high priority crane and equipment maintenance building at Charleston not included in this budget and will it be requested in the budget next year? Was a realignment involved in this deferral?

Admiral ISELIN. Although the crane and equipment maintenance building at Charleston is a high priority project, fund allocations allowed inclusion of only seven projects, all of higher priority, in this budget. Budget constraints contributed to the deferral of the crane and equipment maintenance building as well as to deferral of other high priority projects at all Naval shipyards. This project will compete with all other projects next year and will be funded if sufficient funds are made available to cover its relative priority. There was no realignment involved in this deferral.

Senator THURMOND. How would the removal of the New Jersey from mothballs and other battleships or helicopter carriers impact on the loads presently programed at the naval shipyards?

Admiral ISELIN. No decision has been made at this time as to where these activations will be done, if at all. These activations could be accomplished in either public or private shipyards. The following shipyards have drydocks which will accommodate these ships:

Public: Puget Sound Naval Shipyard; Long Beach Naval Shipyard; Pearl Harbor Naval Shipyard; Norfolk Naval Shipyard; Philadelphia Naval Shipyard.

Private: Municipal Dock, Portland, Ore.; AAA (Ex-Hunters Point Naval Shipyard), San Francisco, Calif.; Bethlehem Steel Corp., San Francisco, Calif.; Avondale Shipyard, Westwago, La.; Newport News Shipbuilding and Drydock Co., *Newport News, Va.; Norfolk* Shipbuilding Corp., Berkley, Va.; Commonwealth Mass. Drydock (formerly the Boston Naval Shipyard) Boston, Mass.; Bethlehem Steel Corp., Hoboken, N.J.; Coastal Marine, Brooklyn, N.Y.

Overall, in terms of work force, there is adequate industry capacity to accomplish these activations. If activated in Naval shipyards, some combination of personnel ceiling increases and selective overhaul reassignments to private shipyards would be required. Activations in private shipyards would require either one of the larger private yards or a combination of some of the smaller private yards. One version of such a combination would involve one yard for the relatively small drydocking portion of the activation (including public shipyards) and another yard for the remainder of the activation effort. Depending on the private yard or yards involved, activation in a private shipyard would also require personnel ceiling increases for the supervisors of shipbuilding.

Senator THURMOND. How much money should be added to your budget if these vessels are included in this budget for re-introduction into the fleet?

Admiral ISELIN. At this time, it is believed that no additional military construction funds would be required. However, a final determination cannot be made until a decision is made first to activate these ships and then to where the work will be done. When these decisions are made, an assessment of facilities requirements would be made. It is believed that military construction requirements, if any, would be minor.

Senator THURMOND. What are the major construction problems at the new bases at Bangor, Maine, and Kings Bay, Georgia?

Admiral ISELIN. The construction problems encountered at the Naval Submarine base, Bangor, Maine and the Naval Submarine Support Base, Kings Bay, Georgia have in general been typical of the problems experienced for construction programs of similar scope. Construction in support of the operational requirements for both sites is on schedule. Examples of problems encountered are:

a. The presence of high artesian pressures in an acquifer under the drydock site at Bangor necessitated the installation of a temporary pressure relief system during construction and a permanent relief system for the completed drydock.

b. Environmental requirements to protect the shellfish in the Hood Canal at Bangor limited the dredging methods to that of using a clamshell bucket thereby precluding the use of a hydraulic dredge.

c. Security controls required in the strategic weapons area at Bangor created cumbersome construction operations.

d. Unforeseen subsurface conditions at Kings Bay resulted in the need to make field adjustments to pile driving requirements in support of the waterfront construction.

QUESTIONS SUBMITTED BY SENATOR STROM THURMOND, ANSWERS SUPPLIED BY GENERAL TRUNDY, U.S. MARINE CORPS

Senator THURMOND. General Trundy, based on your statement you have a set program for enhancement of living quarters for Marine personnel. To what degree are your operation requirements suffering because of the emphasis on this program?

General TRUNDY. Marine Corps has been committed to a program for the enhancement of living quarters for Marine personnel over the past several years. This commitment has been supported by the Secretary of the Navy by his allocation of construction funds to be applied only to quality of life projects. As presently envisioned, this program will extend over the next several years as a directed program. In the sense that a program of this type reduces the amount of funds available for other types of projects, operational and maintenance requirements have been deferred. However, considering the funds available for other than directed programs such as bachelor housing, the Marine Corps has applied an average of over 70% of its available discretionary funds to operational/maintenance type projects over the past five years. The operational requirements have suffered more from a lack of overall funding than as a result of the bachelor housing program.

Senator THURMOND. How would you prefer that any budget increases be spent in the Marine construction program?

General TRUNDY. In the event of increases to Fiscal Year 1981 Military Construction budget, the Marine Corps would prefer the addition of the following projects:

Activity: Title	Project No.	Cost (thousands)	Design (percent completed, Oct. 1, 1980)
MCAS (H), New River: Unaccompanied enlisted personnel housing	206	$4,600	50
MCLB, Barstow: Heating distribution system	117	5,000	100
MCAS, Cherry Point: Aircraft parking apron	610	6,000	100
MCB, Camp Lejeune: Dining facility modernization	697	3,800	60
MCAS, Cherry Point: Aircraft parking apron	609	1,700	95
MCRD, Parris Island: Chapel	039	1,300	100
MCAS, Kaneohe Bay: Gymnasium	019	2,200	100
MCAS, El Toro: Unaccompanied enlisted personnel housing	327	11,500	50
MCB, Camp Lejeune: Unaccompanied enlisted personnel housing	414	10,100	35
MCAGCC, 29 Palms: Organizational maintenance facility, improvements	165	4,450	50
MCAF, Camp Pendleton: Airfield pavement	293	6,100	35
MCAS, El Toro: Power distribution lighting improvements	322	1,300	50
MCB, Camp Lejeune: Communications/electronics maintenance shop	175	1,800	100
MCAS, El Toro: Armory	201	1,050	50
MCAGCC, 29 Palms: Armory	117	1,000	50
MCDEC, Quantico: Unaccompanied enlisted personnel housing modernization	303	5,700	30
MCRD, Parris Island: Armory	098	1,100	100
MCRD, San Diego: Armory	047	1,150	35
MCB, Camp Lejeune: Automotive organizational maintenance shop	526	2,000	60
MCAS, Yuma: Base maintenance facility	029	2,600	50
MCAS, Beaufort: Ordnance area security	243	500	100
Camp Smith, Hawaii: Maintenance facility	033	2,000	100
MCRD, San Diego: Provost marshal's office/fire station	161	850	50
MCAS, El Toro:			
Maintenance van complex	437	1,250	35
Ground support equipment shop	401	600	100
Henderson Hall, Arlington, Va.: Base maintenance facility	005	1,500	80
MCAS, El Toro: Photo van complex	544	230	100

Senator **Thurmond**. How has inflation impacted on your program in the past and what impact do you foresee in the future based upon current inflation rates?

General **Trundy**. Inflation has impacted on the Marine Corps program. In FY 1979, a funded bachelor enlisted quarters project had to be deferred and the funds used to cover cost overruns on other projects. While the Marine Corps has not yet had to cancel an entire project in FY 1980, some projects have had scope reductions to fund known and anticipated cost growth due to inflation.

Senator **Thurmond**. How do you establish the priority standing for the chapel at Camp Pendleton in view of your other shortages?

General **Trundy**. For the past several years the Marine Corps has aggressively programed its available construction dollars toward the improvement of the individual Marine's quality of life. The majority of these funds have been applied to the improvement of living conditions followed by upgrading of the Marine's working conditions. This program has totally ignored the religious facilities deficiencies within the Marine Corps for the past 12 years. While the overriding priority for available construction dollars must be applied toward housing and working conditions, the Marine Corps feels very strongly that a balanced program must be pursued. In this regard, the chapel project at Camp Pendleton is the first of two proposed to provide for the spiritual guidance of our recruits. The second project, a chapel for the Marine Corps Recruit Depot at Parris Island is presently proposed for Fiscal Year 1982. There are no religious facilities available in the areas proposed for construction by either of these projects. At Camp Pendleton the services are presently being conducted in open squad bay billeting areas only when the squad bays are available and in a World War II wood frame dining facility at Marine Corps Recruit Depot, Parris Island. Even if adequate religious facilities were available in the community the recruits are not permitted to go off base until they have completed recruit training. The nearest Marine Corps chapel at Camp Pendleton is at Los Flores. This chapel could not accommodate the additional load of the Edson Range personnel.

Senator **Thurmond**. What are the lowest priority items in your budget?

General **Trundy**. All of the projects in this year's program are of the highest priority; however, many of the Marine Corps' priority projects were not included in this year's budget request due to funding constraints. The Marine Corps' Fiscal Year 1981 program in relative order of priority is as follows:

Activity: Item	Project No.	Cost (thousands)
MCAS, Cherry Point: High-speed refuel system	790	$8,500
MCB, Camp Lejeune: Tank maintenance facility	536	7,700
MCAS, Cherry Point: Electronics/communications maintenance facility	026	3,350
MCB, Camp Pendleton: Utilities improvements	281	1,600
MCB, Camp Lejeune: Unaccompanied enlisted personnel housing	611	17,000
MCB, Camp Pendleton: Unaccompanied enlisted personnel housing	898	4,000
MCAS, El Toro: Unaccompanied enlisted personnel housing	326	11,500
MCAGCC, 29 Palms: Unaccompanied enlisted personnel housing	232	8,700
MCRD, Parris Island: Unaccompanied enlisted personnel housing modernization	072	5,600
MCDEC, Quantico: Dining facility	304	2,800
MCAS, El Toro: F–18 training facility	270	2,900
MCB, Camp Pendleton: Chapel	147	1,100
MCAS, Kaneohe Bay: Alter hangar 103	216	620
MCAGCC, 29 Palms: Fire alarm system	134	700
MCAS, Yuma: Ground support equipment shop	370	2,200
MCAS(H), New River: Transmitter facility	324	500
Total		78,770

QUESTIONS SUBMITTED BY SENATOR STROM THURMOND, ANSWERS SUPPLIED BY MAJ. GEN. WILLIAM D. GILBERT, DIRECTOR, ENGINEERING SERVICES, U.S. AIR FORCE

Question. General Gilbert, has the Stevens Amendment slowed our movement towards basing the M–X?

Answer. To date, the Stevens' Amendment has not caused a slip in the M–X program. The Air Force is proceeding as directed by the President with full scale engineering development of the M–X in the horizontal multiple protective structure (MPS) basing mode while at the same time being sensitive to the desire of Congress that we not commit the United States to one basing mode. The Air

Force has taken action to design portions of the system in a manner which would be adaptable to vertical and horizontal loading dock variants as well as the baseline horizontal dash mode. In addition, the environmental impact analysis has been broadened to treat these selected MPS variants in a generic sense. However, a final basing mode decision is required by July 1980 in order to meet the July 1986 Initial Operating Capability date.

Question. When would a final basing decision be required by the Congress to avoid any loss of time in the military construction area of the M–X project?

Answer. A final basing mode decision is required by July 1980 in order to protect the 1986 Initial Operating Capability (IOC) of the M–X missile system. The Systems Design Review (SDR) for the M–X is scheduled for July 1980, and is the key date for final determination of the M–X missile and basing mode baseline in order to meet the Production Decision milestone of July 1983. The production decision is, in turn, directly related to the IOC date of July 1986. A postponement of the basing mode decision by Congress past the July 1980 date will cause a slip in the SDR and Production Decision, and therefore the IOC.

Question. Is the $17.1 million requested this year constrained by budget limitations in any respect? Does it allow maximum progress?

Answer. The $17.1 million provides adequate funding for the second phase of facilities required for the first five test firings of the missile. The facilities are scheduled to be completed in sufficient time to allow equipment installation and checkout prior to the first missile test firing in January 1983.

Question. Recognizing the concurrence in this program, what dangers do we face from the standpoint of costs?

Answer. It is true that design and some construction of operational facilities will be accomplished concurrently with missile testing. However, the test program at Vandenberg should not result in any significant changes in facility requirements. We expect most of the changes stemming from the test program would be minor changes in instrumentation, flight control, etc. which would not affect facility requirements. Although not anticipated, it is conceivable that the Vandenberg testing could precipitate a change in the horizontal shelter design. However, at this time we do not expect the construction cost to be affected by the concurrent testing at Vandenberg.

Question. What is the total program cost from a construction standpoint based on the race track scheme? When would the cost figures be dependable?

Answer. The total program cost for the military construction portion of the M–X program is estimated at $20.7 billion in then-year escalated dollars, excluding design. We are actively refining these requirements as we make decisions on the number, size, and location of M–X operating bases, final transporter and shelter design, and other evolutions of the system during full scale engineering development. We are, however, confident of the fiscal year 1981 request for $17.1 million for Phase II flight test facility construction at Vandenberg, and the fiscal year 1981 $97 million requirement for construction design funds for design of the fiscal year 1983 facility construction.

Question. What inflation rate is your fiscal year 1981 program predicated upon?

Answer. Our fiscal year 1981 program uses inflation factors prescribed by OMB. These factors are forecast from the initial programing stage and up to the mid-point of construction. Rates used for the fiscal year 1981 program are: calendar year 80, 8.9 percent; calendar year 81, 7.9 percent; calendar year 82, 6.3 percent.

Question. What would be the effect of a 5 percent greater rate and how would you deal with it during the year?

Answer. The effect of a 5 percent greater rate of inflation than that projected would be to increase the cost of the 189 designable projects by $32.4M. If indeed we were faced with this increase without the benefit of any offsetting low bids, we would have to cancel or defer authorized projects.

Question. What priority do you give the Air Force Chapel center at Misawa AB, Japan, the current budget which is proposed to cost $1.9 million?

Answer. The Misawa chapel center is a high priority and essential project in support of the morale and welfare of Air Force personnel. It is part of our program to improve the quality of life of our people, who are one of our most imporant resources. Facilities such as this, along with projects to support weapons and space systems, readiness energy, pollution and replacement and upgrading of facilities are part of an overall balanced construction program to support the Air Force mission.

Question. General Gilbert, the $3.6 million for a gym at Camp Amsterdam in the Netherlands strikes me as an excessive cost. Provide for the record proposals on how this cost might be reduced and what would be given up in the process.

Answer. The Camp New Amsterdam gymnasium cost is not excessive for two reasons. First, the primary facility cost of $121.20/square foot is reasonable in light of the current European construction costs estimated to be 160 percent of Washington area levels. Without this factor, equivalent US square foot costs are $75.75. As regards the facility itself, gymnasiums are not inexpensive; the gym area and handball courts are of unusually high cost, because they are "high bay." We are buying a great deal of interior volume in relation to floor area. Another reason for higher costs is the large amount of utilities created by multiple showers and toilets.

The building is scoped to meet the needs of the supported population as established by generally accepted standards. A reduction in scope would result in several recreational functions being deleted in an area without adequate support for US service personnel.

Questions Submitted by Senator Strom Thurmond, Answers Supplied by General Gilbert, General Read, General Trundy, and Admiral Iselin

Senator Thurmond. In view of the huge military construction backlog, would you favor a shift to high priority operational projects with somewhat less emphasis on energy, pollution and personnel related expenditures which have consumed such huge amounts of money over the past 5 years?

ARMY

General Read. Clearly, energy conservation, pollution abatement and personnel related programs have in fact consumed a large part of our annual budget request. On the other hand, these areas are vital, not only to the Army but to the larger national interests. I would, personally, like to see increased funding of high priority, operational projects and projects to improve the living conditions of our soldiers, but I would hate to see it at the expense of other areas which meet statutory or directed requirements and are also in the interests of the country.

NAVY

Admiral Iselin. The request for fiscal year 1981 was structured through the use of the Zero Based Budgeting techniques. It represents a carefully balanced approach to the twin problems of providing new facilities required by changes in weapons, advancing technologies, National Security policy, or other factors, and our continuing effort to upgrade or replace much of our substantial inventory of aging and obsolescent facilities.

The military construction budget was structured to achieve an appropriate balance between missions of the Navy, enhancing people program objectives, and providing a contribution to the solution of national energy and environmental problems. I favor continuing this balanced approach, with the hope we can obtain increased ceiling on the total construction budget in the future.

MARINE CORPS

General Trundy. The Marine Corps programs the majority of its limited construction resources toward improving the quality of life (living and working) of the military and civilian personnel. The remainder is applied in as balanced a program as possible. It is planned to continue this approach for the foreseeable future with the hope that the total construction budget will be increased.

AIR FORCE

General Gilbert. Our construction programs over the past five years have included the high priority projects to support operational requirements as well as adequate amounts for energy and pollution abatement. It is the areas of personnel support and modernization of our aging plant that have been curtailed. The backlog we now face except the $20 billion for the M-X weapon system is predominately in those two areas.

Senator THURMOND. The Alaska National Guard has some unique requirements because of the extreme cold. For instance, a helicopter in an area near the Arctic Circle is being maintained in a tent. Provide for the record what you see as the highest priority unfunded projects in Alaska for whatever units you might have in that State.

ARMY

General READ. The highest priority unfunded projects in Alaska are:

Location: Project	Estimated cost (thousands)
Juneau, Sitka, and Ketchikan: Docks	$600
Nome: Army aviation flight activity	1,300
Juneau: Army aviation flight activity	1,300

NAVY

Admiral ISELIN. The Navy's highest priority unfunded projects in Alaska listed in priority order are:

Location: Project	Project No.	Millions (fiscal year 1981)	Design percentage
NS Adak:			
Ordnance storage facility	026	$2,300	100
Jet fuel storage	411	2,850	35
Fire station	017	4,200	35

MARINE CORPS

General TRUNDY. There are no Marine Corps bases in Alaska.

AIR FORCE

General GILBERT. The projects follow:

State/base/project:	*Program amount (thousands)*
Alaska: Kulis Air National Guard Base:	
Reserve Forces O. & T. building	$3,760
Aerial port training facility	1,800

Senator THURMOND. Provide for the record the top 10 unfunded projects for the Guard and Reserve and the top 20 projects for the active forces. These lists should represent projects up to a 10 percent increase in your budget even if they exceed the numbers of items cited in the first part of the question.

ARMY

General READ. The top 10 unfunded projects for the National Guard (in their order of priority) are as follows:

Location: Project	Cost (thousands)
Fort McClellan, Ala.: Training facility, phase I	$2,354
Ozark, Ala.: Organizational maintenance shop	166
Saginaw, Mich.:	
150-person armory	643
Motor vehicle storage building	11
Fort Drum, N.Y.: Cantonment renovation	882
Catoosa, Tenn.: Range	546
Malvern, Ark.: Organizational maintenance shop	108
Rapid City, S. Dak.: 60-person army	292
Camp Johnson, Vt.: Combined support maintenance shop addition	362
Los Alamitos, Calif.: Organizational maintenance shop/area maintenance support activities	125
Total	5,489

Of the ten percent or $4.5 million increase to the Army Reserve program, $2.9 million would be applied to recent cost estimate changes received on projects included in the FY 1981 budget request. Cost increases and additional projects are as follows:

[In thousands of dollars]

Project description	Budget request	Cost revised	Change
Fort Carson, Colo.: Maintenance facilities with equipment concentration site	$807	$1, 029	+$222
Edison, N.J.: Expand to 400 member USA Reserve center	1, 408	1, 755	+347
Fort Totten, N.Y.: 2,400 member USA Reserve center with maintenance facilities	11, 720	12, 372	+652
Fort Indiantown Gap, Pa.: Training ranges	1, 686	2, 935	+1, 249
Fort Pickett, Va.: Barracks and administration buildings	8, 375	8, 840	+465
Brookville, Pa.: Expand to 150 member USA Reserve center with maintenance facility	0	0	+1, 007
Bluefield, W. Va.: Expand to 100 member USA Reserve center with maintenance facility	0	0	+558
Total			+4, 500

The highest priority, unfunded projects for the active Army (Military Construction, Army) are listed in priority order, below and total $105,522,000.

Station	PN	Project description	Cos (thousands
Fort Bragg	262	Enlisted barracks	$1, 750
Presidio of San Francisco	110	Emergency generator	750
Fort Hood	358	Tactical equipment shop	3, 250
Rock Island Arsenal	70	Alter administration headquarters (II and III)	9, 300
Germany	418	Physical fitness center, Goeppingen	2, 950
Fort Lewis	349	Instrument landing system	350
Presidio of Monterey	047	General instruction facility	6, 847
Fort Belvoir	431	Heating fuel storage tanks	1, 800
Schofield/Wheeler	103	Aircraft maintenance hangar	8, 400
Fort Dix	208	Fuel oil storage facility	710
Fort Stewart	171	Division logistics facility	5, 206
Fort Jackson	133	Hospital-electrical/mechanical upgrade	16, 500
Fort Eustis	303	General instruction building addition	3, 700
Schofield Barracks[1]	098	Dental clinic	2, 770
Kwajalein	217	Marine shop	1, 250
Schofield Barracks	087	Dining facility modernization	2, 200
Fort Hunter-Liggett	058	Technical documentation facility	2, 121
Fort Leavenworth	082	Upgrade Munson Army Hospital	9, 900
Aberdeen Proving Grounds	284	Storm sashes on buildings	750
Fort Bragg	348	Yadkin Road extension	1, 910
Fort Benning	319	Brigade maintenance facilities	2, 929
Fort Jackson	118	Consolidated communications facilities	956
Walter Reed AMC	94	Addition/alteration Bldg 1	13, 600
Germany	603	Athletic Courts, Baumholder	900
Fort Huachuca	157	USAIS board operations facility	1, 980
Fort Bragg	211	Child care center	1, 894
Fort Bliss	348	Dining facility modernization	849
Total			105, 522

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[1] Authorized, not appropriated, fiscal year 1980.

NAVY

Admiral ISELIN. The information requested follows:

NAVY—FISCAL YEAR 1981 MILCON—ADDITIONAL PROGRAM REQUIREMENTS (IN PRIORITY ORDER)

ACTIVE FORCES

Location	Project	Fiscal year 1981 (millions)	Design (percent)
NAVCAMSEASTPAC	SATCOM control	$2.0	35
NAVCAMSLANT	do	.7	35
Classified Loc	SATCOM terminal	2.1	35
NAVCAMSLANT	do	.9	35
NF Brawdy	Support Facs Expansion	2.8	35
NAS Norfolk	Training building (H-53D)	.9	35
NAS Memphis	Cold storage warehouse	.9	100
NAF Sigonella	GSE shop	2.9	35
Do	UEPH (288)	4.1	35
Do	Hangar sprinkler system	1.8	100
Do	Vehicle maintenance facility	1.8	100
Do	AFRTS building	1.1	100
NSY Portsmouth	Machine/central tool shop	11.0	60
NSY Puget Sound	Ship support service center	3.0	95
NSY Charleston	Water distribution lines improvements	2.1	35
NSY Long Beach	Fire protection pipeline	4.1	80
NSC Norfolk	Container operations facility	8.8	100
NSY Pearl Harbor	Service shops	14.0	35
NAS Miramar	Engineering maintenance shop	2.0	100
NAB Little Creek	Special Warfare operations building	6.0	100
Total		73.0	

RESERVE FORCES

Location	Project	Fiscal year 1981 (millions)
NAS Dallas	Aircraft maintenance hangar	$2.0
NAS Atlanta	do	5.0
Do	Aircraft parking apron	1.6
NAS Glenview	Unaccompanied enlisting cersonnel housing	2.0
NMCRC Kansas City	Reserve Center additional alteration	1.2
NMCRC Gary, Ind	Reserve center	2.3
NAS Atlanta	Aircraft intermediate maintenance department modernization	.4
MCRC Erie	Reserve center add-on	.7
NAS Glenview	Extend water distribution system	.3
NRC Fargo	Reserve center	1.0
Total		16.5

MARINE CORPS

General TRUNDY. The information follows:

MARINE CORPS—FISCAL YEAR 1981 MILCON—ADDITIONAL PROGRAM REQUIREMENTS (IN PRIORITY ORDER)

Location	Project	Fiscal year 1981 (millions)	Design (percent)
MCAS(H) New River	UEPH	$4.6	50
MCLB Barstow	Heating distribution system	5.0	100
MCAS Cherry Point	Aircraft parking apron	6.0	100
MCB Camp Lejeune	Dining facility modifications	3.8	60
MCRD Parris Island	Chapel	1.3	100
MCAS Kaneohe Bay	Gymnasium	2.2	100
MCAS El Toro	UEPH	11.5	50
MCB Camp Lejeune	UEPH	10.1	35
MCAGCC 29 Palms	Maintenance facility improvements	4.45	50
MCAF Camp Pendleton	Airfield pavement	6.1	35
Total		55.15	

Navy response applies.

RESERVE FORCES

AIR FORCE

General GILBERT. Air National Guard projects are identified as follows:

State/base/project:	Program amount (thousands)
Various locations: Power check pads w/suppressors	$2,400
District of Columbia—Andrews AFB: Weapons/release system shop	790
Georgia—Savannah MAP: Aircraft engine I. & R./avionics shop	1,600
Oregon—Portland IAP: Composite squadron operations	1,560
Michigan—Selfridge ANGB: Flight simulator	745
Mississippi—Key Field, Meridian: Base supply warehouse	2,400

AIR FORCE RESERVE

The Air Force Reserve fiscal year 1981 MCP authorization request is $18.725 million. A 10 percent increase would be $1.9 million. This amount would equate to one project from the Air Force Reserve fiscal year 1982 program. The project is an Aircraft Maintenance Dock at Homestead AFB, Florida with an estimated cost of $1.8 million. The next priority project is also at Homestead AFB and is for an Electronic Counter Measures Pod Shop and Storage estimated at $0.66 million; however, inclusion of this project would exceed the 10 percent limit. It should be pointed out that there is also a potential 10 percent shortfall in fiscal year 1980 project funds due to accelerated inflation. The four Air Force Reserve fiscal year 1980 MCP projects awarded to date have exceeded the programmed amounts by 11.6 percent. If the trend continues, the Air Force Reserve fiscal year 1980 MCP will have a shortfall of $1.1 million.

AIR FORCE ACTIVE FORCES

While the active Air Force has many valid unfunded projects which have not yet been submitted to the Congress, our most pressing need is to correct the $110 million MCP underfunding in fiscal year 1980 and prior years. As a direct result of this fiscal restraint, we have been forced to defer approved projects to the next fiscal year and displace other approved projects. This bow wave, coupled with the $80 million Space Shuttle bid increase has significantly distorted our fiscal year 1980 approved programs, forcing previously approved projects valued at approximately $176 million into future years.

In addition to those projects deferred due to underfunding, the following list represents the top 21 unfunded projects not previously submitted to the Congress. These projects, all under design, reflect the highest priorities in a broad range of categories.

Location	Project	Cost
Operations/training		$12,000,000
Fairchild AFB, Wash	Flight simulator training facility	(2,500,000)
Various (Europe)	Minimum essential operating facilities	(8,200,000)
RAF Alconbury, United Kingdom	NAVAIDS (ASR/PAR/ILS)	(1,300,000)
Maintenance		14,600,000
McClellan AFB, Calif	Depot hydraulic facility	(9,100,000)
Kadena AB, Okinawa	Add to and alter avionics facility	(2,300,000)
Dover AFB, Del	Add to hydrant refuel system	(3,200,000)
R & D		4,900,000
Wright-Patterson AFB, Ohio	Systems management engineering facility	(4,900,000)
Supply		1,450,000
RAF Mildenhall, United Kingdom	Diesel fuel storage	(1,450,000)
Medical		500,000
Keesler AFB, Miss	Medical food inspection facility	(500,000)
Administrative		4,250,000
Reese AFB, Tex	Consolidated base personnel office	(2,400,000)
England AFB, La	Consolidated support center	(1,850,000)
Troop housing		7,200,000
Chanute AFB, Ill	Unaccompanied enlisted personnel housing (504 PN)	(5,500,000)
RAF Woodbridge, United Kingdom	Unaccompanied enlisted personnel housing (112 PN)	(1,700,000)
Community		8,400,000
King Salmon Apt, Alaska	Composite support facility	(6,200,000)
Travis AFB, Calif	Chapel center	(2,200,000)
Utilities		12,000,000
Seymour-Johnson AFB, N.C	Regional sewer connection	(1,600,000)
Ellsworth AFB, S. Dak	do	(4,800,000)
Tinker AFB, Okla	Alter electrical distribution	(5,600,000)
Water pollution		4,000,000
Andersen AFB, Guam	POL storage dikes	(4,000,000)
Energy		12,100,000
Arnold AFB, Tenn	Heat plant coal conversion	(11,500,000)
Peterson AFB, Colo	Fuel oil standby storage	(600,000)
Total		81,400,000

Senator THURMOND. What is the status of your review of the Military Construction backlog? What is your backlog? What is your plan to reduce it and how are you addressing that effort in this current request?

ARMY

General READ. The Army is currently mid-way in its review and validation of the Military Construction backlog. Inputs from the the major commands are expected to start arriving at the end of March. We want to complete the review and validation process by the end of April. The backlog, the Army is currently reviewing, totals $15.2 billion. Future progress in overcoming this deficit will require a marked reduction in inflationary trends in the nation's economy and substantial future increases in Military Construction budgets. Our ultimate goal is to develop a level of funding which not only keeps pace with our changing new mission assignments but permits timely liquidation of aging and obsolescent facilities. The review that I have just mentioned will assist in these efforts by dividing the backlog into three categories, that is, supporting new missions, current missions, and replacement. The review will further isolate those projects in the backlog that directly contribute to the Army's readiness and modernization because these are top priority topics in the Army today. The review of the backlog will give us the capability to compete more aggressively for the limited resources in the Army's programming and budgeting system.

NAVY AND MARINE CORPS

Admiral ISELIN. We review the entire backlog annually, asking all levels of Navy command to examine and revalidate the need for every project and to purge invalid projects. The Navy and Marine Corps backlog today is $10.3 billion.

The Navy is concerned with the size of the military construction backlog and has for several years been exploring the best means of achieving the funding required for military construction. This exploration has taken several forms. One procedure being employed is to develop program objectives for each major category of facilities from an analysis of the military construction backlog. This facilities category objective approach looks at long-term goals.

In recent years, the Navy has approached construction program and budget formulation by analyzing "Cost of Ownership". In military construction budgeting, "Cost of Ownership" involves a recognition of a finite life expectancy for various facilities, a need to maintain them in a condition that permits their longest functional use, and to replace or modernize them at the appropriate time.

AIR FORCE

General **Gilbert**. The Air Force facility backlog is the result of considerable study and analysis. We feel it is a realistic and accurate expression of our deficiency. It recognizes "creeping" obsolescence and makes provision for it by relating the deficiency amount to the Air Force Facility Plant Replacement value. Sound economic and fiscal principles were used in developing elements of the deficiency reflects a facility deficiency that is in consonance with Air Force Mission world-wide. Positive, direct assessment was made of the projected long range force structure and new systems were costed and included. In summation, the deficiency reflects a facility deficiency that is in consonance with Air Force Mission Requirements, and the Size, Condition and Replacement value of the Air Force Facility inventory.

Our military construction backlog is 29 billion. Over 21 billion of this is for the MX weapon system. The breakdown of the 29 billion is as follows:

	Billions
Support of new missions	$23
Present mission deficiencies	2
Replacement and upgrading	4
Total	29

The present mission deficiency and replacement/upgrading total of $6 billion should be reduced by at least $500 million per year. Unfortunately fiscal restrictions have allowed us to program only about ⅕ of that amount in recent years. We are attempting to increase this amount. In FY 1981 we have been able to include $180 million for these type facilities. This represents a modest increase over FY 1980 which was 141 million.

Senator **Thurmond**. How much has the backlog increased in the past 5 years recognizing the current budget request barely brings us back to the level of spending sought in 1976?

ARMY

General **Read**. The backlog increased a total of $7.1 billion since October 1975.

NAVY AND MARINE CORPS

Admiral **Iselin**. The Navy and Marine Corps backlog of military construction in 1975 was $8.3 billion. Today, it stands at $10.3 billion.

AIR FORCE

General **Gilbert**. Our backlog in fiscal year 1976 was $7 billion. About $5 billion of this was primarily for deficiencies to support present mission and replacement and upgrading. Our current backlog for those type facilities is about $6 billion. Our backlog in this area has grown by about 20 percent primarily due to escalation and the fact that facilities become obsolete at a faster rate than we have been able to upgrade or replace them.

Senator **Thurmond**. Do you have any specific recommendations reference a plan to gradually reduce the backlog?

ARMY

General **Read**. The Army cannot immediately rectify all of the past ills by ignoring those initiatives determined to be necessary to enhance future force readiness or by relaxing our efforts on mandatory programs such as energy conservation and pollution abatement. Our plan is to contain the existing MCA backlog by ensuring that our facility needs are validated and carefully justified to show their impact on the Army's readiness and qualify of life.

NAVY AND MARINE CORPS

Admiral ISELIN. The "Cost of Ownership" analysis and the "Facilities Categories Program Objectives" development are both used as tools to determine how best to apportion the Navy's annual resources to the various authorization and funding requests sent to Congress.

When and if inflation and rising construction costs become less of a factor it is hoped that we will be able to reduce the backlog through these methodologies.

AIR FORCE

General GILBERT. The need to reduce the backlog is well recognized within the Air Force and DOD. Attempts will be made to devote a larger portion of our program to alleviating the backlog. The amount that can be provided for this purpose will depend on requirements to support new mission requirements and total fiscal levels.

QUESTIONS SUBMITTED BY SENATOR GORDON HUMPHREY, ANSWERS SUPPLIED BY MAJ. GEN. WILLIAM D. GILBERT, DIRECTOR, ENGINEERING AND SERVICES, U.S. AIR FORCE

Question. This year in the fiscal year 1981 Defense Budget, the DOD has failed to include a requested $4.9 million to replace the hot-water mains at Pease AFB, New Hampshire. Last year the SASC assigned high priority to this project, and in fact, cited it as a "prime example of a case where for the lack of capital investment dollars, increased operating costs are being incurred and the health and safety of personnel are being threatened." Why has DOD not funded the replacement of these hot-water mains with well-insulated, low maintenance distribution lines?

Answer. The Air Force Energy Conservation and Investment Program (ECIP) weighs the relative merits of each ECIP project based on the return on investment, energy saved and amortization period. The replacement of hot water mains at Pease AFB, New Hampshire is currently programed in our fiscal year 1982 ECIP. The return of the investment was too low to make the fiscal year 1981 funding level.

Question. The heat loss from the old poorly insulated lines represents wasted heating oil. The project at Pease AFB would pay for itself in several years through savings in heating oil. Why has this factor not been considered?

Answer. The amortization period is one of many factors used in establishing the priority of ECIP projects. Although the payback period for this project is approximately seven and one half years, it was not sufficient to justify inclusion in the fiscal year 1981 ECIP program.

QUESTIONS SUBMITTED BY SENATOR GORDON HUMPHREY, ANSWERS SUPPLIED BY ADMIRAL ISELIN

Question. Why has DOD not included in the fiscal year 1981 Defense Budget $11 million requested by the Navy to complete modernization of the machine tool shop at the Portsmouth Naval Shipyard? This project has already been two-thirds funded, and the delayed funding will result in increased costs of $700,000. What were the so-called "budgetary constraints" which precluded funding this project?

Answer. The Navy has the third increment of the machine/central tool shop programmed for the FY 1982 Budget submission. This project was not included in the FY 1981 Budget submitted to the DOD. Viewed in isolation, the Navy could provide sound justification for investing $100 million to $200 per year in modernizing the naval shipyards and in keeping them current. However, under the fiscal restraint imposed on MILCON and all other Navy appropriations leading up to the budget submission to OSD each fall, it becomes obvious some lesser level will have to be addressed. Within the total MILCON budget, we have to address the Marine Corps construction, personnel initiatives such as enlisted bachelor housing and medical; strategic projects for Trident; and national directed programs such as pollution abatement, energy conservation and OSHA. In the case of the FY 81 budget, we sought shipyard modernization funding at two levels: Minimum $56.5 million, corresponding to a total Navy MILCON of $607.6 million; and basic $85.8 million, corresponding to a total Navy MILCON of $856.3 million.

In the final budget decision, FY 81 shipyard modernization was set at $56.2 million, and total Navy MILCON at the $703 million now before Congress. This request represents the maximum affordable program which could be recommended to the Congress. The Navy's short-term objective for the shipyard modernization program is to invest in those essential projects designed to maintain current capabilities and functions, correct the most urgent deficiencies, and to meet known support requirements for overhauling new ships. In the long-term, the objective is to upgrade the naval shipyards to the degree necessary to make them productive facilities capable of providing the full range support necessary for overhauling assigned Navy ships in the most efficient manner. Until the total Navy MILCON budget is substantially increased, it will be difficult to raise the Shipyard Modernization Program above the average $56 million per year which has occurred since 1977. To do so would require deferral of projects which are considered to be of greater immediate need and priority.

Question. How badly will the yard's productivity be affected due to failure to complete this project?

Answer. Failure to complete this project will deny a $3.4 million productivity saving annually.

QUESTIONS BY SENATOR HARRISON SCHMITT TO THE DEPARTMENT OF DEFENSE

The Congress authorized and appropriated about $35 million for the construction of the High Energy Laser Systems Test Facilities at While Sands Missile Range. It is my understanding that the Army Corps of Engineers reestimated the cost in late 1979 at about $36 million. It is also my understanding that bids for the construction were submitted at a much higher rate, i.e. six bids ranged from the low to the high $50 million range or about 40 to 60 percent above the Corps' estimate. The bids received were, with one exception, within a 7 to 8 percent range.

HIGH ENERGY LASER SYSTEMS TEST FACILITY

Question. Why was the Army Corps of Engineers' estimate so far below the bids received by six companies? What were the major factors in the differences?

Answer. The low base bid for the High Energy Laser Systems Test Facility was $50,787,000 as compared to the Government's estimate of $32,598,199. A preliminary investigation indicates that the reasons, in part, for the difference between these two figures are as follows:

a. The contractor's bid was based upon supplying solid stainless steel tanks, whereas the Government's estimate was based upon stainless steel liner type construction.

b. The contractor's bid for refurbishing certain surplus tanks being furnished by the Government was significantly higher than the Government's estimate for transportation, manifolding, and cleaning.

c. The contractor included a high cost escalation factor for stainless steel piping in his bid, whereas the Government's estimate included only a modest cost escalation factor.

d. The Government underestimated the cost for concrete.

e. Fuel cost escalation was not considered in the Government's estimate, whereas the contractor included such an adjustment in his bid.

f. The contractor's bid included higher values for equipment rental, small tool expenses, and quality control.

g. Builder's risk insurance and bond were higher in the contractor's estimate.

h. In addition to the above, the subcontractor's overhead and profit and the prime contractor's overhead and profit were significantly higher in the bid. These items are generally computed as percentages of the other cost elements and, therefore, have a compounding effect on the final bid amount.

Further efforts are being made to ascertain all the factors to which the disparity between the Government's estimate and the contractor's bid is attributable. In any case, it appears that the above factors constitute a major portion of the difference.

Question. When will the equipment for the facilities be ready for operation? When would the facility have been ready for operation if the bids were within the appropriations limit?

Answer. If the contract for the High Energy Laser Systems Test Facility were awarded as scheduled (April 1980), the construction (MILCON) would have been completed and ready for occupancy in October 1982. Installation of the high energy laser system equipment would then require about (deleted). Commencement of the lethality verification demonstration tests using the high energy laser system would then begin in (deleted).

Question. The Department has testified before various committees of the Congress that the high energy laser test program and this facility are vital national security programs. The Congress has agreed with this assessment. Is the Department planning to request authorization to reprogram other construction funds in an effort to keep this program on schedule? If so, when can the Congress expect this request? If not, then what does the department intend to do with this vital program?

Answer. The Department is examining all options in terms of proceeding within available authorization and funds, ranging from reprogramming to reducing scope. Should it prove not possible to attain a facility of required scope within available resources, we would plan to seek relief through the legislative process at the earliest opportunity. Until these options have been fully explored, we are unable to provide a specific timetable as to submission either of a reprogramming request or proposed legislation, if required. We do feel that the High Energy Laser System Test Facility is of sufficient importance and urgency that the goal of completing construction in October 1982 should be adhered to if at all possible.

Senator HART. Thank you, gentlemen.

[Whereupon, at 12:20 p.m., the committees adjourned.]

MILITARY CONSTRUCTION AUTHORIZATION FISCAL YEAR 1981

TUESDAY, MARCH 4, 1980

U.S. SENATE,
SUBCOMMITTEE ON MILITARY CONSTRUCTION
AND STOCKPILES, OF THE
COMMITTEE ON ARMED SERVICES,
SUBCOMMITTEE ON MILITARY CONSTRUCTION
OF THE COMMITTEE ON APPROPRIATIONS,
Washington, D.C.

DEFENSE POSTURE IN THE PACIFIC

The subcommittees met jointly at 2:05 p.m., pursuant to notice, in room 212, Russell Senate Office Building, Senator Gary Hart (chairman of the Subcommittee on Military Construction of the Committee on Armed Services) and Senator Walter D. Huddleston (chairman of the Subcommittee on Military Construction of the Committee on Appropriations) presiding.

Present: Senators Hart, Huddleston, and Sasser.

Armed Services committee staff: James C. Smith, professional staff member; John T. Ticer, chief clerk; and Marie Fabrizio Dickinson, clerical assistant.

Committee members assistants: Frank Gaffney, assistant to Senator Jackson; Frank Krebs, assistant to Senator Cannon; John Stirk, assistant to Senator Morgan; Christopher Lehman, assistant to Senator Warner; and Mike Donley, assistant to Senator Jepsen.

OPENING STATEMENT BY SENATOR GARY HART, PRESIDING

Senator HART. The hearing will come to order.

This is the second in a series of joint hearings between the Appropriations Subcommittee on Military Construction and the Armed Services Subcommittee on Military Construction.

Senator Huddleston, the chairman of the Appropriations Subcommittee, will be joining us shortly. In the meantime, on his behalf, I would like to welcome back representatives of the Defense Department, civilian, and uniformed military.

Our topic today has to do with military construction authorization requests and how they relate to our defense posture in the Pacific.

I am pleased to have Secretary Fliakas back with us, accompanied by Col. Terrence W. McClain, staff assistant to the Deputy Director for Force Development and Strategic Plans for the Joint Chiefs, and

Col. Ralph Talbott, Chief of the Western Pacific Division of the Defense Intelligence Agency.

This hearing is in executive session and we will proceed accordingly. Mr. Fliakas, if you will lead off and proceed as you wish.

I might say I am pleased to have Senator Sasser with us also.

STATEMENT OF HON. PERRY J. FLIAKAS, DEPUTY ASSISTANT SECRETARY OF DEFENSE (INSTALLATIONS AND HOUSING), ACCOMPANIED BY BRIG. GEN. T. C. PINCKNEY, U.S AIR FORCE, DIRECTOR, EAST ASIA AND PACIFIC REGION AFFAIRS, OFFICE OF ASSISTANT SECRETARY OF DEFENSE (INTERNATIONAL SECURITY AFFAIRS); ROBERT KUBAL, ASSISTANT FOR FOREIGN MILITARY RIGHTS, OASD, ISA; BRIG. GEN. DAVE R. PALMER, U.S. ARMY, ASSISTANT DEPUTY DIRECTOR POLITICO/MILITARY AFFAIRS, ORGANIZATION OF JOINT CHIEFS OF STAFF, J-5; COL. TERRENCE W. McCLAIN, U.S. ARMY, STAFF ASSISTANT TO DEPUTY DIRECTOR FOR FORCE DEVELOPMENT AND STRATEGIC PLANS, PLANS AND POLICY DIRECTORATE, OJCS, J-5; REAR ADM. A. S. MOREAU, JR., U.S. NAVY, DIRECTOR, STRATEGY, PLANS AND POLICY DIVISION, OFFICE OF DEPUTY CHIEF OF NAVAL OPERATIONS/PLANS, POLICY AND OPERATIONS; LT. COL. RALPH TALBOT, U.S. ARMY, CHIEF, WESTERN PACIFIC SECTION, DEFENSE INTELLIGENCE AGENCY; ALLAN MacDOUGALL, SENIOR ANALYST, KOREA BRANCH, DEFENSE INTELLIGENCE AGENCY; AND LT. ALAN L. STERNBERGER, U.S. NAVY, NAVAL ANALYST, SOVIET/WARSAW PACT DIVISION, DEFENSE INTELLIGENCE AGENCY

Mr. FLIAKAS. Mr. Chairman and members of the committees, I appreciate the opportunity to appear before these subcommittees to discuss those aspects of the fiscal year 1981 military construction program which relate to the defense posture in the Pacific and the Indian Ocean areas.

With me here today are representatives of the military services, the defense agencies and the Joint Chiefs of Staff who are prepared to brief you on the threat and our response capabilities in these areas and to furnish whatever additional details you may require concerning individual projects.

The volatile political and military situation throughout the Middle East will have a profound effect on the nature and scope of ensuing military construction programs. Because of the enormous distances involved and the limited availability of adequate bases, increased emphasis will be placed on facility needs to support U.S. forces, and the prepositioning of materiel and equipment to support the contingency requirements of the rapid deployment force now being established. At this time, however, and because these requirements had not surfaced at the time of submission of the President's budget for fiscal year 1981, these considerations have not appreciably influenced the fiscal year 1981 military construction program request now before you.

Although the program includes only limited evidence of this new emphasis, it does, however, provide 79 projects, at a total cost of $352 million, in the Pacific and the Indian Ocean areas, which represents approximately 11 percent of the total construction request. These projects are considered essential to the achievement of required readiness levels and improved personnel support.

At this time I would like to touch briefly on some of the more significant projects and then move on to the briefings which are classified.

HAWAII

Of the 17 projects in Hawaii, the largest is the $84.5 million required to expand and renovate Tripler Hospital. This is a 30-year-old facility which is woefully unsuited to meet its strategic mobilization role and is in imminent danger of losing its accreditation. Further, since it is the only military medical center in the Pacific region, it must satisfy the total defense requirement in that area. Other major requirements in Hawaii include $4.8 million for training, maintenance and fuel storage facilities at Schofield Barracks, $5.2 million for utilities improvements at Pearl Harbor, and $6.6 million for enlisted personnel housing at Lualualei Naval Magazine.

KOREA

With the announcement that the 2d Division would be withdrawn from Korea, Army deferred any new construction efforts to replace the predominantly temporary facilities of Korean war vintage. However, on July 20, 1979, the President announced that further ground force withdrawals from Korea would be held in abeyance and that a reassessment of future withdrawals would be conducted in 1981. In light of this, it is now considered imperative that extensive new Army construction be undertaken, beginning with 16 projects in the fiscal year 1981 program. Of these, the four most significant are a liquid fuel storage facility at Waeguan, $12 million; enlisted personnel housing, $15.5 million; tactical equipment shops, $10.4 million; and upgrading of water systems at various locations, $9.9 million. Similarly, the seven Air Force requirements include $13.1 million for jet fuel storage facilities at Kwang-ju and Taegu; and $16.8 million for alteration of aircraft shelters and a quick-turn facility at Osan. In addition, the program includes a requirement for $10.5 million to construct three dependents' schools at three separate locations.

JAPAN

All three services have identified requirements in Japan, the most important of which are $3 million for physical security improvements at the Army's Kawakami Ammunition Depot and $6.7 million for an Air Force jet fuel storage facility at Kadena. Further, there is a requirement for $16.8 million to construct three dependents' schools at three separate locations.

MARIANA ISLANDS AND KWAJALEIN

In the Mariana Islands, the principal requirement among the three projects requested is $28.2 million for leasehold interests in 18,000 acres of land. This leasehold was agreed to in 1975 as part of the covenant to establish the Commonwealth of the Northern Mariana Islands. At Kwajalein the Army's three projects include a $4.5 million requirement for barracks modernization.

PHILIPPINES

For a protracted period pending renegotiation of a base rights agreement with the Republic of the Philippines, all major construction at Clark Air Base was held in abeyance. However, negotiations were completed in 1979 and we are now able to proceed with four Air Force projects which are essential to mission accomplishment, and one dependents school project. Included in the four projects are $7.8 million for a power plant upgrade, $4.3 million for an assault landing strip and a flight simulator training facility, and $1 million for the modification of a satellite communications ground terminal facility.

ALASKA

While Alaska is not generally included in a discussion of the Western Pacific, we have nevertheless chosen to include it in the presentation because of its role in operations in the Pacific. Eleven projects are included in this program, four of which warrant mention at this time. One of these is a $4.4 million enlisted personnel housing requirement at Eielson AFB and the remaining three are at Elmendorf AFB. These include new aircraft beddown facilities, $5.6 million; alteration of a composite medical facility, $4 million; and ugrading of airfield pavements, $4.6 million.

INDIAN OCEAN

Because of the very limited availability of bases in the Indian Ocean, the island of Diego Garcia has become a crucial element in our efforts to protect U.S. interests in the Middle East. As a consequence, considerable construction is contemplated, beginning with the three projects in the fiscal year 1981 program. The largest—$13 million—provides for the first increment of dredging of fill material to permit expansion of facilities programed in future years. The other two projects include an ocean surveillance building addition, $3 million, and $2 million for utilities upgrading. Several additional projects are planned for the fiscal years 1982–84 time period.

Mr. Chairman, this completes my summary of this portion of the fiscal year 1981 military construction program.

With your permission, I would like now to turn to the Defense Intelligence Agency and Joint Chiefs of Staff representatives for their respective briefings.

After that, we are available to respond to any questions you may have regarding this vital part of the DOD program.

Thank you.

Colonel **Talbot**. Good afternoon, Mr. Chairman and Senators. I am Lt. Col. Ralph Talbot, Defense Intelligence Agency. To support Mr. Fliakas' appearance before your subcommittees, the Defense Intelligence Agency has prepared a series of intelligence briefings which focus on the threats to U.S. interests in the Pacific.

It should be noted that the intelligence views presented in these briefings represent the views of the Defense Intelligence Agency only; their classification is secret, not releasable to foreign nationals.

The first briefing addresses the activities of the Soviet Pacific Fleet in the Western Pacific.

The second briefing reviews the threat to the Republic of Korea.

The third briefing will focus on one of our major allies in the Western Pacific, Japan, and its changing attitude toward defense.

The fourth briefing examines internal stability in the Republic of the Philippines, and the final briefing focuses on the area of grave concern to U.S. interests in Southeast Asia by examining the external and internal threat to Thailand.

Upon completion of the briefings, which should take approximately 45 minutes, the DIA contingent is prepared to address your questions.

[Additional information follows:]

Pacific Fleet order of battle

	1979
Surface ships:	
Principal surface combatants (aircraft carrier, cruisers, destroyers, frigates)	
Amphibious ships	[Deleted]
Mine warfare ships	[Deleted]
Submarines:	[Deleted]
Attack submarines	
Cruise missile attack submarines	[Deleted]
Ballistic missile submarines	[Deleted]
Naval aircraft:	[Deleted]
Combat aircraft (strike, reconnaissance, ASW)	[Deleted]
Total	[Deleted]

PACIFIC FLEET COMPARISON WITH SOVIET NAVY

	Soviet Navy	Pacific Fleet	Percent in Pacific Fleet
Surface ships	[Deleted.]		
Submarines			
Combat aircraft			

Colonel **Talbot**. Lieutenant Sternberger will now present a briefing on Soviet Pacific Fleet activities.

SOVIET PACIFIC OCEAN FLEET

Lieutenant **Sternberger**. Mr. Chairman and Senator Sasser, this briefing provides a broad overview of the Soviet Pacific Fleet's missions, capabilities and operations in the Western Pacific area.

The Soviet Pacific Fleet is organized [deleted].

During a period of hostilities, the Soviet General-Purpose Pacific Ocean Fleet Forces, which could be available [deleted] are as depicted on this Vu-Graph. [Vu-Graph deleted.]

The Soviet Pacific Fleet has been qualitatively upgraded over the past several years with the introduction of new and more capable surface combatants, nuclear-powered submarines and ASW aircraft. Significant trends in the development of the Soviet Pacific Fleet, as with the Soviet Navy overall, including the introduction and deployment of ballistic-missile submarines and an increased emphasis on ASW capabilities.

In comparing the Soviet Pacific Fleet order of battle with the three other Soviet fleets, the Northern, Baltic and Black Sea Fleets, the Soviet Pacific Fleet contains approximately [deleted] percent of the surface ships, submarines and combat-capable aircraft.

As to missions and capabilities, the Soviet Pacific Fleet has a variety of naval missions, as depicted on this Vu-Graph. [Vu-Graph deleted.] I will comment on these missions and in doing so will evaluate the Soviet capabilities to perform them. [Deleted.]

The fleet possesses the most modern Soviet [deleted].

The Soviets consider the U.S. [deleted] force to be the primary seaborne threats to the Soviet Union. [Deleted.]

It should be noted that as Soviet forces operate further from the Soviet periphery, their effectiveness would be reduced [deleted] the Soviet Pacific Fleet has approximately [deleted].

[Deleted.]

I will be followed by Mr. Alan MacDougall who will address the threat to the Republic of Korea. [Deleted.]

NORTH KOREA

Mr. MacDougall. Mr. Chairman, Senator Sasser, this briefing is designed to address the military capabilities of the North Korean Armed Forces and the threat they present to the Republic of Korea.

In terms of military capability, North Korea currently poses a greater threat to peace on the peninsula than at any time since the Korean war. [Deleted.]

The North Korean ground force personnel strength, estimated at about [deleted].

[Deleted.]

In conclusion, North Korea presents a very serious and potentially increasing threat to South Korea. Pyongyang possesses the military capabilities to launch a massive and coordinated ground, air and sea attack against the Republic of Korea, with little warning. [Deleted.]

That concludes my briefing. I will be followed by Lieutenant Colonel Talbot [deleted].

JAPANESE DEFENSE ATTITUDES

Colonel Talbot. The Soviet threat in Northeast Asia and the potential for instability on the Korean Peninsula have stimulated Japanese domestic attitudes toward defense issues. Tokyo's apprehensions over Soviet activities, to include the Soviet invasion of Afghanistan, the developing Soviet ties with Vietnam, the buildup of the Soviet Pacific fleet, the recent Miyanaga spy incident, and the continuing deadlock over the Norther Islands territorial issues, have served to deepen Japanese distrust of the Soviets.

In addition to the external threat presented by the Soviets, public awareness has been expanded by the Defense white papers published annually by the Japan Defense Agency, by comments of leading political and military leaders on defense issues, and by extensive mass media coverage on defense-related current events centering on the Soviet threat and Japan-United States military cooperation.

JAPANESE THREAT PERCEPTIONS

However, despite domestic political posturing over the Soviet threat, Japan perceives that the Pacific is, and will remain, relatively stable—that there will be no significant change in either Sino-Japanese or Sino-Soviet relations, no imminent war on the Korean peninsula, no immediate developments of a nuclear capability by either of the Koreas or Taiwan, and no Soviet domination of Southeast Asia. Based on such assumptions favoring stability, in the immediate future, [deleted].

JAPANESE DEFENSE CONSIDERATIONS

In light of such considerations, Japan will be content to make qualitative, rather than quantitative, improvements to its self-defense forces, [deleted].

[Deleted]. In case of large-scale attack, Japanese forces would be expected to resist until such time as U.S. forces could be introduced, and thereafter cooperate in coordinated defense efforts. [Deleted.]

The ground force has 155,000 personnel, organized into five regional armies and 13 combat divisions. The maritime force, which is the strongest and largest noncommunist navy in Asia, has over 42,000 personnel and a fleet of 139 ships. Recent procurement of the P3C Orion will enhance the fleet's ASW capability. Japan also has one of the strongest and best equipped non-Communist air forces in the Far East. Its inventory includes F-104 and F-4E, with the first F-15 squadron scheduled to be activiated in 1982.

JAPANESE MILITARY LIMITATIONS

However, despite these strengths, the self-defense force has serious weaknesses. All three services have obsolescent equipment which would be only marginally effective against a Soviet attack. There are across-the-board logistic weaknesses and shortages of all types of war consumables, [deleted].

[Deleted.] Ground and maritime reserve forces would be inadequate to fulfill the needs of emergency mobilization and the air force has no reserve component.

Presently, there is no joint command organization, no countrywide defense communications system, and little expertise in joint service operations. Furthermore, Japanese military bases lack adequate active and passive air defenses, and facilities and equipment tend to be concentrated in small areas.

JAPANESE POLITICAL LIMITATIONS

Further undermining these military limitations are the political consideration that most influence Japanese defense attitudes, to include the following:

The Japanese constitution which renounces the right to wage war or maintain land, sea, and air forces or other war potential, and the lack of any legal framework to support mobilization, to include conscription and appropriation of civilian resources.

Japan's adherence to a "three nonnuclear principles" policy which means no possession, no development, and no entry into Japan of nuclear weapons.

Japan's insistence that its forces be maintained only for self defense, thereby eliminating all possibility of developing any strategic offensive capability, such as long range bombers, ICBMs, nuclear weapons, or aircraft carriers.

The government's self-imposed ceiling of no more than 1 percent of GNP annually for defense.

Difficulty in obtaining public consensus on defense issues because of the World War II experience.

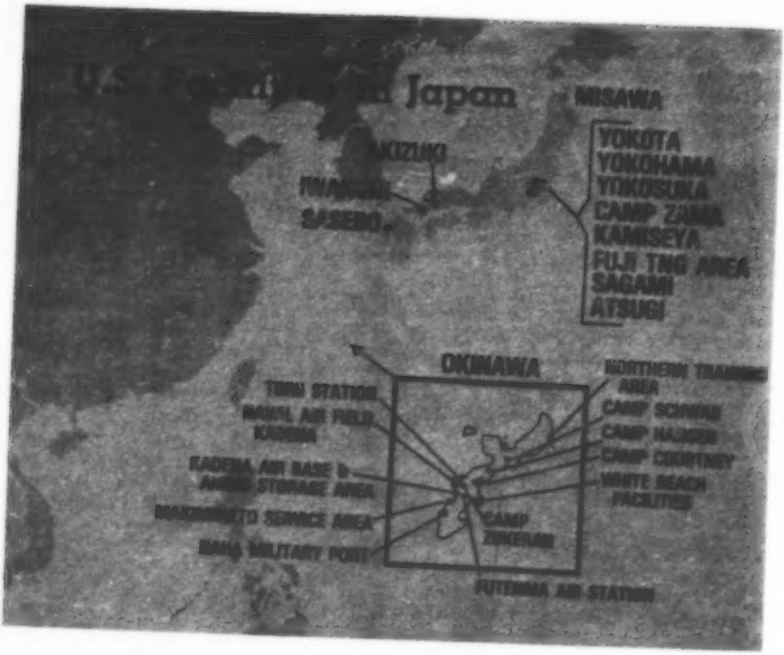
UNITED STATES-JAPAN MUTUAL SECURITY TREATY

In view of its weak military posture, Japan continues to rely on the United States to provide the conventional and nuclear military force structure to face the external threat. The basis for such support is found in the United States-Japan Mutual Security Treaty.

Within the framework of the treaty and present defense policy parameters, Tokyo has greatly increased military cooperation and has sought to refine its understanding of both United States and Japanese security roles. In 1978, Japan approved broad guidelines for United States-Japan defense cooperation that permits direct military-to-military planning for the first time. Under these guidelines the Japanese intend to develop a more mutually supportive security relationship by increasing military interoperability and cooperation in operations, communications, intelligence, logistics, and command and control.

An example is Japan's participation in its first multilateral exercise—RIMPAC 80. Japan will seek to define its security role in its bilateral relationship with the United States particularly in the areas of antisubmarine warfare, mine warfare, and early warning.

Tokyo also plans to continue its support of U.S. forces stationed in Japan. Under the provisions of the Mutual Security Treaty, Japan provides bases and facilities for the use of U.S. forces for combat operation, peacetime basing, ocean surveillance, war reserve storage, aircraft maintenance, ship repairs, and [deleted] support. Of the estimated total cost of $1.2 billion per year for U.S. force presence, the Japanese will provide approximately $726 million in fiscal year 1980 to pay for facilities improvements and relocations, administration, and labor costs.



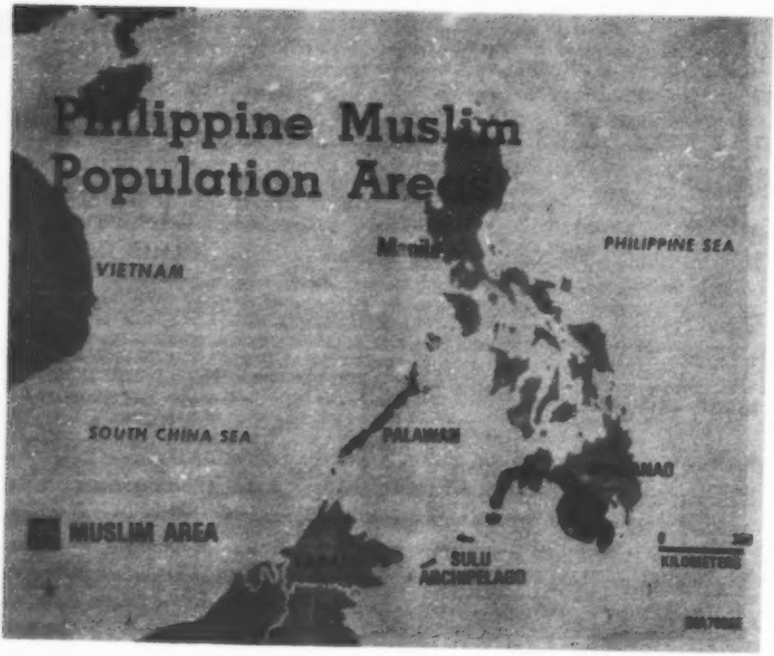
Japan has been deeply concerned by a perceived weakening of U.S. resolve in the Pacific, based on American disengagement from Southeast Asia and Taiwan, the decision to withdraw ground forces from South Korea, and the concern that NATO is the major focal point of U.S. security policy. Those fears have been somewhat alleviated by senior level U.S. reassurances, efforts to modernize Pacific forces, postponement of U.S. forces Korea withdrawal plans, and progress to realize developments under the 1978 guidelines.

In conclusion, Japan has a modest defensively oriented military force [deleted]. In order to face the growing Soviet threat, Japan will continue to rely on the United States through the Mutual Security Treaty while making qualitative improvements to its military capability. As long the the treaty remains credible to Japan, there will probably be no significant change to Japanese perceptions on regional stability and defense issues.

INTERNAL SECURITY IN THE REPUBLIC OF THE PHILIPPINES

The third country in Asia, which has both a significant U.S. military presence and a treaty commitment, is the Republic of the Philippines, a nation which has been ruled by President Ferdinand E. Marcos for over 14 years, the last 7 of which have been under his martial law administration. During this period, he has been able to assume total control of the reins of government and so far has been able to check all serious opposition.

Nevertheless, two nagging antigovernment insurgencies remain and his traditional political opponents continue their vocal opposition. In addition, in the absence of a clearly identified successor, the prospects for future political instability exist if Marcos were to die or become incapacitated.



The two primary insurgency movements consist of the Moslem separatist rebellion in the south and the small Communist insurgency scattered in various parts of the Philippine country side. Of the two, the war against the Moslem insurgents has been the greatest challenge to the Philippine military forces. The Moslem minority has been alienated by longstanding political, economic and religious grievances. Most desire a significant degree of autonomy from the central government.

The primary Moslem organization which advocates active resistance to the central government and which has significant popular support is the Moro National Liberation Front, known as the MNLF. Formed in 1968, it has a parallel military structure called the Bangsa Moro Army. [Deleted.] It is a strong force capable of seriously challenging government regular and militia units. Since the initiation of hostilities in late 1972, Moslem forces have conducted some large-scale attacks, although most resistance has been of a guerrilla or terrorist nature, including ambushes, hit-and-run raids, kidnapings, and assassinations.

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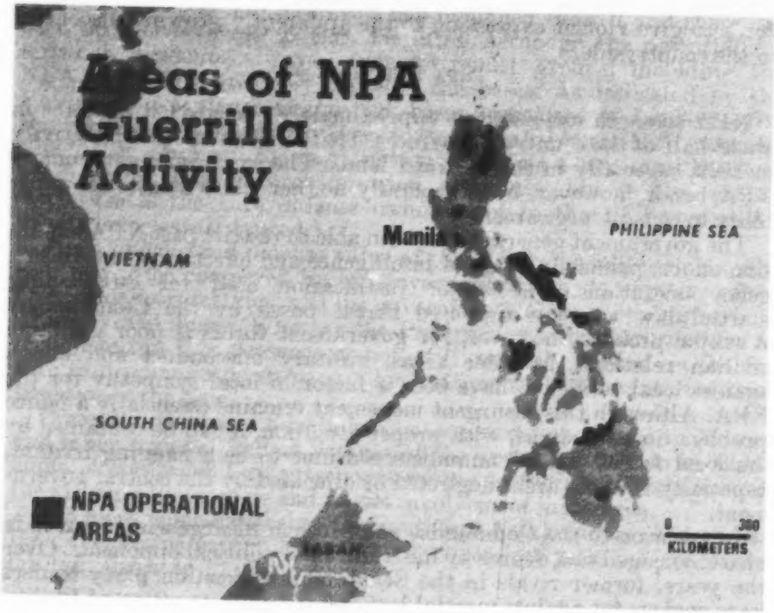


Over the years, the government has attempted to resolve the conflict through various means, such as military suppression, highly publicized but poorly funded economic development programs, various internal political maneuvers designed to induce Moro defections, and diplomatic negotiations. The latter succeeded in bringing about an 8-month cease-fire in 1977.

During the early years of the insurgency, military commanders undertook frequent search and destroy counterinsurgency operations into rebel-held territory, often supported by air strikes and artillery. Government reinforcements succeeded in regaining some lost territory, [deleted]. The government now appears satisfied with containing the rebels, hoping there will be eventual erosion of MNLF strength and popular support, which will favor a government-backed settlement. Despite past rumors of peace feelers, both sides appear too far apart for any near-term resumption of the cease-fire.

The Communist insurgency is of a much smaller scale than the Moslem rebellion, but unlike the Moslems, it has more than just regional appeal. The Maoist-oriented Communist Party of the Philippines—Marxist-Leninist—and its military arm—the New People's Army—has been in existence since the late 1960's.

Like similar groups before it, the party has been able to capitalize on a number of social and economic grievances, including large-scale poverty and unemployment, regional neglect, local bureaucratic indifference, corruption, and heavyhanded policies by the central government. Except for the Moros in the south, it is the only organized force to give violent expression to the apparently growing discontent in the countryside.

NPA STRENGTH

NPA strength estimated at approximately [deleted] it is active in about half of the country's provinces. There was an increase in activity in 1979, especially in the central islands. The small semi-autonomous NPA bands, however, have generally neither the strength nor capability to control large areas.

The government generally has been able to restrict past NPA expansion efforts primarily by good intelligence and effective counterinsurgency operations. The major justification used for establishing martial law was the supposed threat posed by the Communists. A major problem, however, for government forces is poor military-civilian relations. In some areas, military misconduct and abuse, against local residents, have been a factor in local sympathy for the NPA. Although this insurgent movement remains essentially a police problem, in most areas, with proper attention, it can be contained by the local forces. The Communists continue to be a nagging irritant, especially in those areas neglected or alienated by the central government.

In addition to the Communist and Moslem insurgencies, Marcos is also challenged to a degree by his traditional political opponents. Over the years, former rivals in the Senate and opposition party leaders have spoken out against martial law and the circumvention of Philippine democratic institutions. Although Marcos has so far effectively checked their influence, they have become increasingly vocal over the past year, along with leading elements in the Catholic church.

Both groups are calling for various reforms, including the phase-out of martial law and the expansion of political freedoms. To satisfy this growing criticism, [deleted] in January Marcos held the first nationwide local elections since martial law. [Deleted] his party won victories in most areas, although the opposition elements made a credible showing in some provinces.

These dissident victories, as well as an expected downturn in the economy this year, should further encourage Marcos' opponents. However, although anti-Marcos demonstrations may occur, we do not see an imminent threat to the Marcos government. His various opponents have yet to demonstrate the capability to mobilize large and prolonged acts of dissent [deleted]. As a result, [deleted] we expect Marcos to remain in power for at least the near term.

Marcos' retention of control depends on a number of factors [deleted.]

FUTURE OF U.S. PRESENCE IN THE PHILIPPINES

The status of the U.S. military bases in the Philippines will be dependent, to a certain degree, on the political climate. Many opponents, as well as certain supporters of Marcos, have not been satisfied with the U.S. presence. His opponents tend to identify the bases with foreign interference and U.S. backing of Marcos. Over the years, some groups have made public denunciations concerning the American presence.

The public reaction, however, has remained limited and there has been no active threat to U.S. facilities. Although the potential for terrorist incidents always exists, extremist groups, including the NPA, have not presently targeted the bases. As indicated by the Philippine acceptance of the U.S. bases agreement in January 1979, the Marcos government continues to see the value in the U.S. presence. For the government, the bases not only provide a continued infusion of desirable foreign exchange and assistance, but it also visibly demonstrates the U.S. defense commitment to the Philippines. As in previous years, [deleted.]

The economic and defense value of the U.S. bases will undoubtedly continue to be compared by the government with its negative effect on nationalistic feelings, and the government's attempts to improve its Third World image. Whether the Philippine Government decides to terminate the U.S. presence or not, will certainly depend on the future Philippine leadership, and domestic, as well as the international situation at the time.

Presently, the bases have taken on renewed importance to Marcos and other regional leaders because of the unstable situation in Indochina. A continued U.S. presence is seen as useful in counterbalancing the growing Vietnamese and Soviet involvement in the area.

The most immediate cause for Southeast Asia regional concern has been the Vietnamese military activity over last year and the direct military threat to Thailand.

THE THREAT TO THAILAND

The People's Army of Vietnam, with well over 700,000 troops, the largest and most effective military force in Southeast Asia, has undergone extensive improvements last year in response to the decision to invade Kampuchea and to install a pro-Vietnamese regime. The Chinese reaction caused the Vietnamese to strengthen their northern defenses and seek more modern materiel from the Soviet Union. The Vietnamese currently maintain approximately [deleted] troops in Kampuchea, with [deleted] of them deployed in Western Kampuchea in close proximity to the Thai border.

Although the Vietnamese rapidly secured all of the major Kampuchean population centers, after their December 1978 invasion, the remaining forces of the former Pol Pot Democratic Kampuchean, or DK regime reverted to guerrilla warfare and eluded complete destruction. Over the past year, the Vietnamese have retained the initiative, but [deleted] DK forces remain active, principally in the remote regions of Southwestern Kampuchea and along the Thai border.

Regionally, the most important consequence of increased Sino-Vietnamese animosity has been a significant strengthening of relations between Vietnam and the Soviet Union. As was briefed earlier, the Soviets obtained naval combatant visit rights after several years of Vietnamese resistance. In turn, the Soviets delivered almost [deleted] dollars worth of military aid to Vietnam last year, as depicted.

Soviet support has been instrumental in supporting Vietnam's Kampuchean invasion, and Vietnamese policy relies on a continued high level of military aid, which shows no signs of decreasing.

The rapid Vietnamese occupation of Kampuchea failed to eliminate a substantial number of Pol Pot's troops who continue to elude and resist the Vietnamese. [Deleted.] In addition, some food and supplies from international relief organizations, intended for refugee relief, has reached them.

The porous Thai border and the possibility of a greater spillover of the Kampuchea conflict into Thailand poses the greatest dilemma for the Thai and constitutes the gravest threat to regional stability. In order to pacify Kampuchea, the Vietnamese objective is to destroy the remaining DK forces. However, many of these forces are in enclaves along the border or within Thailand. Operations to dislodge them could result in an incident between the Vietnamese and the Thai which could rapidly escalate. However, there is currently no evidence of Vietnamese intentions to attack Thai units in strength.

COMPARISON OF EQUIPMENT AND FORCES

Facing this Vietnamese threat, the Thai have deployed the equivalent of [deleted] in the area of the most likely avenue of Vietnamese approach. While this Thai force is capable of defending against a force up to a division [deleted].

Historically, the mission of the Thai Armed Forces has been to defend the kingdom against threats from its immediate neighbors and assist in maintaining internal security.

Thai Armed Forces have been structured, and performed adequately in support of this mission. Now, however, Thailand is confronted by a potential enemy who has an overwhelming military superiority.

In comparison to the Vietnamese, the Royal Thai Army has had little combat experience. The final offensive into Saigon in 1975 and their subsequent invasion of Kampuchea demonstrated Hanoi's capability to conduct large coordinated, conventional military operations. [Deleted.] Vietnam also has a significant advantage in ground forces equipment and weapons.

The Royal Thai Air Force faces a similar situation. In addition to a greater number of high performance aircraft, Vietnamese pilots have more aerial combat experience.

The Thai, however, are making efforts to improve their military capability. An additional squadron of F–5E fighters is on order for the air force. The Thai Army, besides activating additional combat units, is also receiving new weapons and equipment, primarily armor and antitank, from the United States. Despite these recent and rather gradual improvements, for the foreseeable future, the Thai Armed Forces [deleted].

These Vu-Graphs depict the relative imbalance between the Thai and Vietnamese Forces. [Vu-Graphs deleted.]

Besides the Vietnamese external threat, a continuing communist insurgency and potential for government instability remains a long-term internal threat to Thai national security.

The [deleted] of the pro-Chinese Communist Party of Thailand or CPT is estimated at about [deleted] the bulk of this force remaining confined to its historical operating areas in rugged, sparsely populated terrrain near the Thai borders. Growth of this insurgent movement has been slow due to the obvious CPT pro-Beijing orientation, lack of exploitable issues to generate popular support, and the basic conservative Thai nature.

The Vietnamese Kampuchean invasion and subsequent Chinese reaction have also affected the CPT. [Deleted] resulting in improved Chinese and Thai governmental relations, particularly in opposition to Vietnam's Indochina policy.

The CPT has always been a manageable insurgency for the Thai and is presently even less of a threat. However, their exploitation, [deleted] remains a possibility.

Senator HUDDLESTON. I think we will have to suspend right here for a vote. Senator Hart will probably be back in the next few minutes and I will return as quickly as I can.

Senator HART. You may resume.

KRIANGSAK RESIGNS

Colonel TALBOT. On February 29, in a surprise move, Thai Prime Minister Kriangsak resigned, rather than face a likely no confidence vote by the National Assembly that day over domestic economic policy. Recent government utility and petroleum price increases, coupled with continuing inflation, served as the catalyst around which student, labor, political parties, [deleted] coalesced to bring about Kriangsak's removal.

GENERAL PREM TINSULANON APPOINTED PRIME MINISTER

Kriangsak's successor, General Prem, the army commander, was picked as the new Prime Minister on March 3 by an overwhelming vote of the National Assembly. Prem had not publicly sought the Prime Ministership, but his failure to actively support Kriangsak facilitated his removal.

Prem's nomination was formally approved by the King. Prem is expected to include political party members in his new government, something that Kriangsak refused to do, which also contributed to his downfall. Prem's leadership will be measured by his handling of the economic problems that affect the country. In the foreign policy area, his outlook will likely retain its present western orientation, but there could be some realinement in Thai/China relations, particularly regarding Vietnam, and a greater reluctance on the part of Thailand to be as open in its reception of Indochinese refugees.

CONCLUSION

In conclusion, the danger to Thailand and threat of regional instability is very real. Vietnamese troops and logistic facilities are fully committed to the pacification of Kampuchea, with the complete support of the Soviet Union. This commitment, in addition to a possible hostile reaction by the United States or China, plus a possible Soviet reluctance to back an adventure into Thailand, makes it unlikely that there will be any major Vietnamese attack on Thailand for the remainder of the dry season, which is expected to last through April, nor during the next wet season.

However, the Vietnamese know the Thai government is having domestic economic difficulties [deleted]. A major political/military operation designed to unseat the government is also plausible, especially if Bangkok's friends are distracted by events outside the region. If this threat materializes, Thailand can be expected to request direct U.S. assistance, under terms of the Manila Pact, [deleted].

In summary, this review of threats to U.S. interests in the Pacific first focused on the growing Soviet threat and the Korean force imbalance. Both of these concerns also impact on Japan whose slowly changing attitudes toward defense favor increased United States-Japanese defense cooperation. These external threats do not impact as significantly, however, upon the Philippines, whose primary concern is internal stability. Thailand is the area of greatest immediate concern due to the overwhelming superiority of the Vietnamese Army poised on its eastern border, but, due to primarily political considerations, the Vietnamese are not expected to invade Thailand during the remainder of this year.

This concludes the DIA portion of this presentation.

I will be followed by Colonel McClain of the Joint Chiefs of Staff.

Colonel McClain. Mr. Chairman and members of the committee, the Asia/Pacific region possesses economic, political and military assets of worldwide importance, and although my briefing will focus only on the Pacific region, it is imperative to realize that activity or operations in the Pacific will not only affect global situations, but conversely would be affected by them.

The location of the Republic of Korea, Japan, the Philippines, Guam, Hawaii, Alaska, and the Aleutian Islands make them important to the United States in peacetime and militarily significant in wartime.

Military objectives for this region reflect the significance of the area and serve as a backdrop against which specific taskings to meet the threat are provided to the unified commander by the Joint Chiefs of Staff.

MILITARY OBJECTIVES

These military objectives include: [deleted].

In order to meet these objectives in the face of the threat which the Defense Intelligence Agency has just presented, the unified commander has been given specific tasks or missions to accomplish. While the threat presents enemy capabilities which must be considered, the actual contingencies which develop from that threat will be scenario dependent. Tasking must, therefore, be broad enough to cover the threat, yet detailed enough to allow the CINC to develop specific contingency plans. In short, the Joint Chiefs of Staff provide the direction and guidance which allows the CINC to plan to meet realistic contingencies, but does not require him to develop plans to meet every conceivable contingency.

I will discuss the current tasks for the Commander in Chief, Pacific, with respect to each of these six tasking categories.

TASKING CATEGORIES

[Deleted.]

—Support for bilateral defense agreements and

—Other Pacific planning.

With respect to Pacific area operations [deleted] the CINC has been tasked to prepare an operations plan which will include: [deleted].

The CINC has also been directed to [deleted].

Further, CINCPAC is required to make provisions for the [deleted].

Although I will discuss forces and force deployments later in this briefing, it should be pointed out that CINCPAC is directed to accomplish these tasks [deleted].

[Deleted.]

In addition to developing this complete operational plan, CINCPAC is also directed to develop [deleted] more general concept plans (Conplans) for tasks of lesser probability. [Deleted.]

[Deleted.]

BILATERAL DEF AGREEMENTS

[Deleted.]

ALL PACIFIC PLANNING

The last category of tasking requires the unified commander to work closely with our Asian allies. Specifically, to assist Asian nations in developing their military self-sufficiency for defense [deleted].

The key to the ability of the unified commander to successfully accomplish the tasks he has been given lies in the availability of the assets he has to accomplish those missions.

The United States intends to remain a major Pacific power and to maintain its commitment in the region. The U.S. military presence in the region remains a stabilizing factor in the regional balance and is indicative of our resolve.

The umbrella of U.S. protection is best provided by the maintenance of key bases and forward deployed U.S. forces in the region. U.S. military personnel stationed within the region make a major contribution to deterrence in East Asia and protect U.S. interests. For example, the Marine Corps and Air Force units in Okinawa can move more speedily and economically to points of danger than if they were stationed on U.S. territory. Another key element in maintaining our strong military presence in the region has been the successful conclusion of negotiations with the Philippine Government which have reaffirmed our right to unhampered use of Subic Bay and Clark Air Force Base. These bases will be especially valuable in supporting our peacetime deployments in the Western Pacific-Indian Ocean areas and to augment those deployments in a crisis.

As you are aware, further withdrawal of combat elements from the 2d Infantry Division stationed in Korea will be held in abeyance until 1981. At that time further withdrawal decisions will be based upon whether there has been tangible progress toward a reduction of tensions on the Korea peninsula. In the meantime, we have added a squadron of Air Force F-4's to our Korean deployments and will improve the firepower of our forces already there with the introduction of longer range artillery, better helicopter gunships and a squadron of A–10 closer support aircraft. The stationing of AWACS in the area will further improve our ability to deter a North Korean attack. Other force improvements are also under way. The 7th Fleet is being upgraded with the new *Spruance* class destroyers, *Perry* class guided missiles frigates, *Los Angeles* class nuclear attack submarines, and *Taiwan* class amphibious assault ships.

By the early 1980's, four of the six attack carriers in the Pacific will carry F–14 aircraft instead of the older F–4's. Meanwhile, 72 of the 192 U.S. Air Force F–4's are being replaced by the more capable F–15's.

MAJOR PACIFIC FORCES

Currently, major Pacific forces include two Army divisions, two Marine amphibious forces—a Marine amphibious force is comprised of a division/air wing team—major naval ships, Air Force tactical fighter wings and one Air Force strategic wing. The next series of slides will show the current levels of these major Active Forces which are expected to be in theater at the start of any contingency. First the Army forces.

ACTIVE ARMY FORCES

CINCPAC has two infantry divisions assigned. Although there is one additional separate infantry brigade stationed in Alaska, that unit is [deleted] and is not assigned to the Pacific Command.

ACTIVE NAVAL AND MARINE FORCES

The Navy retains approximately 150 ships deployed throughout the region while the Marine Corps retains two MAF's in the region.

ACTIVE AIR FORCE UNITS

Throughout Asia and the Pacific, the Air Force currently retains three fighter/attack wings including seven F–4 squadrons, three F–15 squadrons, and one RF–4 reconnaissance squadron.

In order to more clearly show the distribution of U.S. forces forward deployed throughout the region, the next series of slides displays additional detail of not only the forces deployed, but their location. The U.S. ground forces—to include both Army and Marine units—are shown on this side.

DEPLOYMENT OF MAJOR U.S. GROUND UNITS

[Deleted.]

Naval air and ship units are shown here.

DEPLOYMENT OF NAVAL AIR AND SHIP UNITS

[Deleted.]

Finally, major Air Force units are shown on this slide.

DEPLOYMENT OF MAJOR AIR FORCE UNITS

[Deleted.]

The forces which have been presented up to this point have represented active forces which are assigned to the Pacific Command. In addition to those forces, augmentation forces may also be made available for the unified command in order to successfully accomplish the tasks he has been given. [Deleted.]

For any specific contingency, CINCPAC plans on [deleted].

Even so, there are many offsetting factors for the United States in the Pacific. The military balance has been maintained; the People's Republic of China continues its anti-Soviet attitude and military orientation while showing little inclination toward aggressive action against its other neighbors; U.S. forces are a deterrent to any North Korean aggression against the South; Japanese-American relations remain close and cooperative; and cooperation between ASEAN members is improving.

The close alliance of the United States with Japan remains the key to regional equilibrium in Northeast Asia. It is clear that U.S. economic, political, and security interests will remain tied to events in the region. The United States must, therefore, continue to maintain a significant military capability throughout the region as a tangible measure of U.S. interest in the security and stability of these areas.

Mr. Chairman, that concludes my briefing.

Mr. FLIAKAS. Mr. Chairman, we have a number of representatives from the International Security Affairs Office, JCS and DIA. Collectively we are available to respond to your questions.

Senator HART. Colonel McClain or the Navy representative, can you tell us what plans the Joint Chiefs have, if any, for possible deployment or home porting of an additional carrier in the western Pacific?

Admiral MOREAU. At the present time we do not have any plans to home port an additional carrier in the western Pacific. The increased commitment in the Indian Ocean and elsewhere or the fact that we will be putting a carrier into the selected life extension program, SLEP, has us in a position where we will not have force levels to meet all of those commitments and therefore the Navy and the Department of Defense are looking at the present time to both the Atlantic and Pacific to determine the possibilities of home porting another carrier overseas. There are advantages and disadvantages in the Atlantic and Pacific side as you are aware.

Frankly, all of the options are difficult and they are expensive and they all carry with them considerable financial liability. The best answer is that we are actively studying the problem. At the present time we have not concluded that we can or, if we can, where the best location would be.

Senator HART. Are you at liberty to say when that study will be completed? What is the timeframe for making that consideration?

Admiral MOREAU. My own judgment would be in the spring.

Senator HART. Are you further at liberty to say how many different spots, just focusing on the region we are interested in today, the western Pacific, how many options you are considering?

Admiral MOREAU. I think we are looking seriously at as many as [deleted]. Some fall away for simple mechanical reasons such as extraordinary dredging requirements and you usually get down in both the Atlantic and Pacific to [deleted] places that are in fact reasonable or possible.

Senator HART. I am sure your considerations have taken into account financial implications as well.

Admiral MOREAU. Yes, sir. Each of them is priced in some detail.

Senator HART. Are you prepared to say if a decision was made to home port an additional carrier in that region, whether that would be done in fiscal 1981 or preparation for it would have any impact on the fiscal 1981 budget?

Admiral MOREAU. No, but I think I can put the answer in context for you. Home porting a carrier is a long-term expensive undertaking. You can safely say that you might fund a site survey but basically you are talking about out-year moneys [deleted] year program in order to shift a carrier and all the facilities and construction required to accompany it.

Senator HART. Mr. Fliakas, do you have anything to add?

Mr. FLIAKAS. I would add, Mr. Chairman, that in addition to the normal berthing and dredging requirements, it entails the consideration of a great number of families requiring housing and community facilities that would have to be made available over a period of years before such a plan could be fully implemented.

For example, you will recall that one of the considerations leading to the decision to home-port the *Midway* at Yokosuka was that we would provide no family housing because it would be available in the community. That was the so-called Ohira-Johnson agreement, I believe. That determination has now come back to haunt us, so to speak, because the Yokosuka area is really lacking in family housing facilities and we are presently attempting to improve the situation through the Japanese cost-sharing program.

Senator HART. Are there any ballpark figures or standard figures on the number of housing units as related to a carrier, that is to say, if you are talking about a *Nimitz*-class carrier, does that carry with it a certain number of housing units?

Mr. FLIAKAS. Yes. Of course, it is keyed to the percentage of assigned married personnel which has been going up. You may remember a similar discussion with the committee several years ago when we were studying the potential home porting of a carrier in Greece. I don't recall the exact number of units of family housing but it was several thousand. Admiral Moreau indicates we are talking about a complement of 15,000 people.

Senator HART. That includes families?

Mr. FLIAKAS. That includes all military personnel assigned to both the ship and support activities, of which approximately 50 percent are families.

Admiral MOREAU. Those people necessary to sustain the port activities. It is quite a large undertaking.

Senator HART. Admiral, as I understand it from the newspapers. there was a demonstration of some sort in the last 2 or 3 weeks in Japan, near Yokosuka, as a result of the minimal involvement of the Japanese Navy in the western Pacific exercises with us. Does that, in your judgment or in the judgment of your colleagues, represent any long-term political threat to our presence there?

Admiral **Moreau**. No, sir. My own judgment is that the entire picture is encouraging. I think you are referring to Japanese participation in RIMPAC.

Senator **Hart**. That is correct.

Admiral **Moreau**. Which is a combined multitheater exercise conducted in Hawaiian waters. We have for many years wanted the Japanese to participate and this year they are participating for the very first time. They have [deleted] ships as well as a number of aircraft involved. [Deleted.] It is a remarkable manifestation of how far the Japanese public has come, that they could come to Hawaii in a clearly multilateral exercise and have no more reaction than this demonstration.

Senator **Hart**. You are encouraged, it was a minimal demonstration?

Admiral **Moreau**. That is right. I do not view it in any way as threatening our presence.

General **Pinckney**. Six thousand people were involved in that. It was a mild, nonviolent demonstration. On the whole I concur entirely with what Admiral Moreau says, the overall public and political attitude in Japan toward the participation has been very supportive.

Senator **Hart**. I will have to go vote shortly, but I have just one further question. Admiral, is Subic Bay one of the sites that you are looking at?

Admiral **Moreau**. Yes, sir. It is but for a very obvious reason that it is such a fine installation. [Deleted.]

Senator **Hart**. I understand.

We will stand in recess for a few minutes.

[A brief recess was taken.]

Senator **Huddleston**. Mr. Secretary, I think we will resume if that is agreeable with you. Senator Hart will return shortly.

In looking at the situation in Korea, first of all, did the numbers that you gave us on the chart of equipment and personnel include the U.S. personnel who are there or are you just including the forces of North Korea and South Korea?

Mr. **MacDougall**. The briefing I delivered did not include U.S. personnel present in Korea. It only included the forces of North and South Korea.

Senator **Huddleston**. How does it balance when you add the U.S. presence?

Mr. **Fliakas**. Colonel McClain has a statement.

Colonel **McClain**. Sir, from a numbers standpoint at the present time the Army has about 37,000 personnel, the Navy just 383 and the Air Force a little over 8,000. Army personnel are primarily in the 8th Army and the 2d Division [deleted].

The naval forces are primarily administrative and involve training and support the Air Forces, in time of war [deleted].

Senator **Huddleston**. You don't include any of the personnel in Japan?

Colonel **McClain**. No, sir. The personnel that I just mentioned were personnel in Korea.

Senator HUDDLESTON. It has been stated that the withdrawal plan is in abeyance. Is there any indication or any thought that that might be resumed at any time in the near future?

Colonel McCLAIN. In abeyance until 1981 at which time there will be a review made to ascertain the stability of the Korean peninsula.

Senator HUDDLESTON. Are judgments being made now and proposals being made for increasing expenditures over there under the assumption it is going to be a long term proposition?

Colonel McCLAIN. That is correct.

Mr. FLIAKAS. As we pointed out yesterday, Mr. Chairman, the Army, because of our concern for the ground forces, is being selective with regard to the facilities they are programing, especially those that would remain under any condition. In fact their selective 2d Infantry Division sites have deteriorated so badly that they are beginning to affect the health, welfare and morale of our soldiers.

Senator HUDDLESTON. And we are talking about some use of removable type buildings?

Mr. FLIAKAS. Yes; relocatable structures, Mr. Chairman. These are preengineered facilities designed to be picked up and moved.

Senator HUDDLESTON. Do you have any long term projections for the size of force that we are apt to keep in Korea? Are we likely to increase it if the situation stays virtually as it is now?

Colonel McCLAIN. Under the premise you just mentioned, the long-term projections going on would be forces comparable to what we have in the Republic at the present time [deleted].

Senator HUDDLESTON. There has been some flap over alleged overflights over North Korea. What kind of problems is this causing us?

General PINCKNEY. Sir, I am not aware of any official, unusual North Korean protests. They periodically protest our flights that skirt their southern boundary. What the source of that particular question was we really don't know, we cannot identify it.

Mr. FLIAKAS. Colonel McClain may have something to add to that.

Colonel McCLAIN. Sir, in order to perhaps set that in context, I was the Secretary to the Military Armistice Commission in Korea 1975 through 1977. As such at every meeting that I attended with the North Koreans and the Chinese this threat, the allegation of overflights, was made against the U.N. forces. During my tenure there we simply did not overfly. At that time the major concern was against alleged SR-71 overflights. While the sonic booms were very evident at Panmunjom, the aircraft did not overfly.

I would think that perhaps this allegation is simply a continuation of that same pattern that has been repeated for 20-some years. As an aside, I would also say—witness the U.S. helicopter that was shot down in 1977, the *Pueblo*, and the EC-21, in earlier years—that if they had the capability to do anything, and there were in fact overflights, they would take military action against us.

Senator HUDDLESTON. You do not take those charges very seriously?

Colonel McCLAIN. Sir, again based on my experience in the 2 years I was there I can categorically say we did not overfly during those 2 years and I have no reason to believe that we would overfly now.

Senator HUDDLESTON. Now we place a great deal of emphasis on maintaining stability in our relationships with Japan. Just looking at it curiously it seems to me that Japan is reluctant to take a very active role in joint maneuvers. Does that cause you any concern about their reliability?

MUTUAL SECURITY TREATY

General **Pinckney**. No, sir. Japan recognizes, as was mentioned in the DIA briefing, that the Mutual Security Treaty with the United States is the keystone of its national security.

Senator **Huddleston**. I can understand that but what are they willing to give in return?

General **Pinckney**. Quite a bit. Their current plans call for procuring $13½ billion worth of equipment, much of it from us, in the outyears. Frankly I would be somewhat more optimistic than the DIA evaluation, personally I would be, that they will do more. Now this is obviously a subjective judgment. As I see where they are now, they are in a consensus building process. It was only 2 years ago that for the first time ever they were willing to identify a threat. They identified the Soviet Union as a threat to their national security. I don't think we are going to see a dramatic sudden doubling or tripling of their defense effort but I think we will see a steady, [deleted] increase, probably picking up speed somewhat over time over a period of years. [Deleted.]

We continue to let them know at every opportunity that we expect them to do more.

Senator **Huddleston**. If we had a serious threat to some of our positions that did not in fact [deleted] in any way to meet that kind of situation?

General **Pinckney**. Again, this is a subjective judgment. [Deleted.]

Senator **Huddleston**. [Deleted.]

General **Pinckney**. [Deleted.]

Senator **Huddleston**. We are going to spend a considerable amount of money for facilities in Japan. It is your judgment then that they are doing enough themselves?

General **Pinckney**. [Deleted.]

Mr. **Fliakas**. Under the new cost-sharing agreement, Mr. Chairman, the Japanese have provided some facilities. I can only speak from the facilities standpoint, but they have been especially forthcoming in providing what they consider nonmilitary type facilities such as barracks and housing. However, when it suits their purpose, facilities such as a hush house at Kadena and a POL facility at Sasebo have also been provided.

Senator **Huddleston**. You could not get them to help build some of these dependent's schools, could you?

Mr. **Fliakas**. Sir, I believe it must be a question of residual value. They are more willing to provide us with housing which is in short supply in Japan from the possible viewpoint that in the long run they will be available to them. The dependent's schools have been broached as a possible or potential requirement but they have not chosen to provide them.

Senator **Huddleston**. On the question of Thailand what is our real strategic interest in Thailand? What value is it to us to have a friendly Thailand?

General PINCKNEY. One of the aspects is clearly the negative aspect of denying that country to the Soviet Union and to Vietnam. The positive aspect is to assure that area, that location, those resources, to the non-Communist world. Looking at the map, if Thailand should fall to Vietnam, which is certainly not impossible, we could expect a very rapid rejuvenation of the Communist terrorist insurgency in Malaysia. They would for the first time have cross-border support, direct support. Malaysia could not survive very long, I would say a maximum of 2 years, but that is truly a guess. If Malaysia fell, the State of Singapore could only survive at Vietnamese sufferance, and you then would definitely have a serious falling of dominos. Once you get that falling with a Communist government in effect controlling the Straits of Malacca, then you jeopardize very seriously one of our last few lines of communication to the Indian Ocean.

Although it is perhaps indirect, we have a very important interest there.

Senator HUDDLESTON. It occurs to me that Vietnam's trying to shoulder a responsibility in too many countries might be just a little bit more than it can handle. It might be a negative for them.

General PINCKNEY. It might be. In fact it may be that they have bitten off more than they can chew now.

Senator HUDDLESTON. Certainly there is some indication of that.

What do you project as our possible action here? For instance, I think the briefing indicated that if Vietnam should mount any kind of invasion, Thailand would very quickly seek our assistance. What kind of assistance could we give in that kind of situation?

General PINCKNEY. I think the assistance that we would choose to give would be scenario dependent. There have been some Vietnamese Army incursions into Thailand, usually in hot pursuit of Pol Pot's forces or reconnaissance of Pol Pot's positions across the border. But these have been very small and no big clashes with the Thai have occurred. In the event of continuation of that kind of occasional incursion, I would not see any further change from what we are doing. [Deleted.]

Senator HUDDLESTON. Are they in any position to make substantial purchases of equipment?

General PINCKNEY. They are purchasing $300 or $400 million a year from us, yes, sir. They are doing quite a bit more than they used to do. As was mentioned in the DIA briefing, their forces have been oriented [deleted].

If there should be a major attack, however, directed against destroying the Government of Thailand, then we do share a Mutual Security Treaty. Assistant Secretary of State Holbrooke last week in answer to a similar question said we would be called upon to come to their aid with U.S. military forces.

Senator HUDDLESTON. Could we expect some help [deleted] in that kind of situation?

General PINCKNEY. [Deleted.]

Senator HUDDLESTON. Now on the Marines, moving to the gulf, has there been any time set for the period that they are to be there or is this a permanent deployment? Where are they going to be and what are they going to do?

Mr. **Fliakas**. Sir, I believe this is a rather sensitive area politically. We will respond as best we can, but it must be recognized, to my knowledge at least, that decisions have not been made. Is that correct?

Colonel **McClain**. It is my understanding, sir, and my information is that we can expect them to be in the gulf until their presence is no longer required. That is a very sensitive area and in fact the decision has not yet been made.

Senator **Huddleston**. Do you think this will require a replacement plan of some kind? Or are you going to send the same ones over and leave them there?

Colonel **McClain**. Again it is totally scenario dependent. Sending them there and leaving them there, I would say probably not. If it becomes an extended period of time there would be a rotational system. It may somewhat parallel the naval rotational system with the carrier task forces that are out there now. They have the same type of problem.

Senator **Huddleston**. Are you saying that the plan has not been worked out? You don't know how you are going to supply them?

Colonel **McClain**. I am saying that I do not have the information available to me right now to specifically answer your question.

Senator **Huddleston**. Can you say whether or not this deployment, of 1,800, is robbing any other mission anywhere?

General **Palmer**. Sir, I can answer the question. Going back to the previous question, the deployment there is not planned to be permanent. There is a decision being worked out in the Government now, and we should have it shortly for a continuous—that is for the post-Iranian situation—Indian Ocean presence. So your question actually overlaps what we are going to do from now until the hostage situation is cleared up and what we will be doing thereafter. That is what makes this area sort of sensitive and why there is some hesitation in our answers.

To answer what we will do to fulfill the President's statement that we will have a continuous and increased Indian Ocean presence, that decision has not been made by the Government, although we are close to it.

Senator **Huddleston**. I think the briefing was very succinct in its information relating to what could be a very unstable situation as far as the Philippines are concerned. We are in fact investing pretty heavily there and on a long-term basis it appears. I suppose that we have to deal on the basis of the best situation that we can get at the present time. What would be the contingency if we were to find ourselves in such a situation in the Philippines that we might lose most of our bases there? Where would we go from Subic Bay?

Mr. **Fliakas**. General Pinckney, would you like to take a stab at that?

General **Pickney**. Not particularly.

Sir, we obviously do not know the answer to that question. There would be a possibility we would [deleted].

None of these positions gives us the ideal location that we have at Subic Bay, but they are certainly better than not having any place to go. I suspect that we would not simply pick up everything we had at Subic Bay and reproduce it at any other one location, but there would be a division as labor or resources, harbor facilities, airfield possibilities, et cetera would permit.

Senator **Huddleston**. It would cause us a considerable problem?

General **Pickney**. It certainly would.

Senator **Huddleston**. Senator Hart was, I understand, asking about some of the naval operations which is a major concern of his. Just from an operational standpoint what is the principal difference in the capability of nuclear and nonnuclear carriers?

General **Pinckney**. I will defer to Admiral Moreau.

Admiral **Moreau**. With nuclear carriers you don't have to refuel them on the same periodic basis. Therefore it is simpler to support them logistically.

Senator **Huddleston**. A nuclear carrier has to be refueled how often?

Admiral **Moreau**. A nuclear carrier, first of all, carries with it a great deal more aviation fuel and so forth because it does not have to carry its own self-sustaining bunker fuel. A conventional carrier at a very intense combat rate would be resupplied [deleted]. Clearly it depends on the combat rate in the case of both the ordnance and the provisions. [Deleted.]

Senator **Huddleston**. How long does it take to refuel the ship itself, the carrier?

Admiral **Moreau**. Are you talking about the rate of replenishment at sea?

Senator **Huddleston**. Yes; what is involved in refueling a nuclear carrier? I am not talking about the fuel for the airpower but the ship itself.

Admiral **Moreau**. Core life, that type of thing?

Senator **Huddleston**. Yes.

Admiral **Moreau**. We have long-term cores on some ships now that last 10 or 13 years. It is a major overhaul undertaking and could take [deleted].

Senator **Huddleston**. To refurbish the core itself?

Admiral **Moreau**. Yes, sir.

Senator **Huddleston**. I hope we are not in any situation that will last 13 years.

Admiral **Moreau**. I hope not.

Senator **Huddleston**. You still have the problem of course of fuel for the airplanes.

Admiral **Moreau**. We still would have to replenish the ordnance and aviation gas, yes.

Senator **Huddleston**. I guess Senator Hart got into the carrier groups in the Pacific and whether we maintain or try to maintain a specific number of nuclear carriers there now. How many do we have there now?

Admiral **Moreau**. We have the *Enterprise*. At the present time we have six carriers in the Pacific one of which is the nuclear powered *Enterprise*. At the present time we have one conventional carrier from the Pacific Fleet in the Indian Ocean which is within the Pacific Command's area of responsibility. That is presently augmented by the *Nimitz*, another nuclear powered carrier. She is from the Atlantic

Fleet, came from the Mediterranean. One of the things you can do with a nuclear carrier, in response to your question, is that you can make high-speed sustained transit. In the case of the *Nimitz* we brought her around at high speed.

Senator HUDDLESTON. What about our principal POL sites in the Pacific and how would you evaluate the adequacy of the POL storage there?

Admiral MOREAU. [Deleted.] We have POL sites in Hawaii, Guam, the Philippines and Japan as you know. In the Indian Ocean we are in the midst of completing POL storage, [deleted]. In a broad context most of the POL in the Pacific is adequate for war reserve requirements. [Deleted.]

There are a number of sites where we need additional POL storage and one of them is at Diego Garcia.

Senator HUDDLESTON. What are we planning to put on Diego Garcia? Is there going to be room?

Mr. FLIAKAS. We are dredging now, sir, to provide the fill material to make more room.

Admiral MOREAU. We need some help in Diego Garcia. We will get into that at some juncture in a great deal more depth. It is a difficult question to answer precisely because it is going to depend on a number of yet to be determined judgments. One is what would be the continued presence in the Indian Ocean in a posthostage situation? Those force levels will determine the type of port activity needed at Diego Garcia. We have seen in the paper overtures by our Government to Oman, Kenya, and Somalia for assistance with port facilities from those nations.

So, to determine what the force level will be, what help we can get in a broad context, it is not going to be possible to say what must be put in Diego Garcia. What is clear is that Diego Garcia was not designed to support a permanent presence in the Indian Ocean and we will have to do what we can to improve the facilities.

Senator HUDDLESTON. What naval forces do our allies maintain in the Pacific?

Admiral MOREAU. I have some details here. They vary, as you know. The Japanese, for instance, have a very capable and professional force and they have on the order of 59 ships that are highly capable. They have very good ASW. The smaller nations of ASEAN have basically only coastal craft and don't contribute to war operations.

The Australians and New Zealanders are quite capable. The Australians have the air carrier *Melbourne* which is not as capable as a U.S. air carrier. Although getting old they have about five destroyers including U.S. DDG's, they are buying new FFG's from us. New Zealand has four frigates, which are British, AS-7 frigates that are quite capable. [Deleted.]

Senator HUDDLESTON. Is it fully expected that we will be able to make a safe arrangement with regard to Tinian Island?

General PINCKNEY. You mean on lease?

Senator HUDDLESTON. Yes.

General PINCKNEY. Yes.

Mr. FLIAKAS. As I recall the commitment under the terms of the covenant, we would pick up that lease within 5 years. In this year's program we do have $28 million to execute that lease for some 18,000 acres of land.

Admiral MOREAU. For the Navy that is a very, very important option. There are several things. One of them is money. This was part of the discussions as early as 1975. At that time it was a $19.5 million option. The consumer price index clause has now raised it to $28 million. You are 2 years into a 5-year agreement with the Northern Marianas Commonwealth to pick up that option. That 18,000 acres includes something over 17,000 on Tinian which is most of the island and maybe 170 acres on Saipan [deleted].

So that might lead to negotiations.

General PINCKNEY. I might add on that point that the agreement gives us 5 years to pick up the option. [Deleted.] They felt that the United States should move right ahead and would move right ahead and pick it up. They really don't understand why they don't have the money yet. They have sent people to Washington a couple of times looking into this. I get periodic letters from them. They are not trying to twist our arms. They are just confused why we have not moved ahead and given them the money. There is a gradually growing, although I am afraid a more rapidly growing, pressure to use the land for other reasons, other purposes. Since we have nothing to gain by delaying it because of the escalation clause I strongly feel it is worth taking up.

Senator HUDDLESTON. It is likely to continue to get more expensive?

General PINCKNEY. Yes.

Senator HUDDLESTON. What about Kwajalein? Are our arrangements there on solid ground? What do we own on Kwajalein and what are we dealing with on leases?

Mr. KUBAL. I am Mr. Kubal of ISA. My office handles Kwajalein, so I will answer that question. We have a variety of leases that have been in existence for a number of years. Those leases will terminate when the Trust terminates which we hope will be in 1981. We have negotiated an interim use agreement with the Marshall Islands Government for the continued use of and access to Kwajalein and to settle a number of outstanding disputes. That agreement was signed last September. It runs for 1 year. It is renewable.

In terms of the longer term, Ambassador Rosenblat, the President's personal representative for Micronesia status negotiations, initialed at Kong, Hawaii, this January a draft compact of free association with President Kahua, President of the Marshall Islands. That sets the stage for continued Defense Department usage of Kwajalein. We have met with and are commencing talks with the Marshallese counsel here in Washington for status of forces operating rights agreements which we anticipate will be successfully concluded and which will provide for a 15-year term of usage of Kwajalein.

The financial terms initially call for $9 million a year for use payments for Kwajalein. It is our hope and expectation that we will have assured access to Kwajalein and the facilities there for at least 15 years.

Senator HUDDLESTON. Do we own any land there?

Mr. KUBAL. No, we do not. This is a complicated issue because the land tenure system in the Marshalls is totally different from our own.

They have no concept of fee simple or any of the Anglo-Saxon property rules. It is a divided use arrangement. Different people in the extended family have different rights and no one has the right to transfer title. We have not sought ownership, even though some of those leases ran 99 years. But they are under the trusteeship and legal opinion has been that when the trusteeship ends, U.S. rights under the trusteeship will cease along with it, which is the reason for the separate negotiations.

Senator **Huddleston**. Do you have an estimate on what our financial commitment is there?

Mr. **Kubal**. You mean in terms of the annual U.S. contribution?

Senator **Huddleston**. Yes.

Mr. **Kubal**. We have received that question from the committee, and we have made a detailed analysis of it. It is a question in part of how the total is divided. We have some payment to make for past use, and we have some other commitments for current use. Our negotiations in the Interim Use Agreement took into account certain receipts for continued service that we are providing to the people of the Kwajalein atoll. That agreement calls for an additional payment of about $4 million a year during the current year. That is likely to rise to about $5 million next year. What we agreed in principle to do was to give them the equivalent of the $9 million that they are going to be receiving after the trusteeship ends, but in arriving at that $9 million we offset a number of other payments that we make under the older leases, some services that are made, some taxes which they now collect which we will cease to pay under the post-trusteeship agreement.

So it runs in the neighborhood of an additional $4 to $5 million. Also as part of that offset we offset money which does not come from our budget but comes from the Department of the Interior for some improvements for the local population, most of which lives on the small island of Ebeye which is 2 miles away from Kwajalein Island in the Kwajalein atoll. Discounting that $2 million the total package is perhaps $7 million a year currently from DOD.

Senator **Huddleston**. Thank you.

On the question of Tinian again, assuming that we achieve our objective there as far as the island is concerned, what are the plans for short- and long-term construction? What basically do we plan to use this for?

Admiral **Moreau**. At the present time we have no special construction plans on Tinian. As General Pinckney says for $20 million we have essentially full option for 100 years as a fallback to the present island chain strategy that runs all the way to the Philippines.

Senator **Huddleston**. You look on that mostly as insurance at the present time?

General **Pinckney**. Yes, sir.

Mr. **Fliakas**. There will be use of it though for joint exercises.

Admiral **Moreau**. [Deleted.]

Senator **Huddleston**. I have a couple of questions on the logistics situation there. Assuming that our major concern is the Pacific, how do you evaluate the existing ability to resupply by air and by sea, if that becomes necessary.

Colonel McClain. Sir, from that standpoint I think we have to set the stage, if we are talking peacetime or wartime. If we are talking peacetime, I think we can maintain the adequate resupply situation that we have now. The fly in the ointment comes when there is war and even then we became scenario dependent. [Deleted.]

Senator Huddleston. What about the situation where we are called upon to help Thailand and confined just to that country?

Colonel McClain. Again, confined just to that country and going under the assumption that there is no other requirement worldwide, my understanding is that we would be able to probably support logistics operations or logistically support anything we would be called upon to do in Thailand.

Admiral Moreau. Any answer has to be scenario dependent. In a global conflict where your strategic mobility assets will have to be divided between Atlantic and Pacific and Europe, you simply don't have enough to do it all adequately. But we have a great capability presently, certainly adequate to meet minor contingency situations.

To support the two battle groups in the Indian Ocean we put our reinforcements including the present MSC shipping, contract shipping, and the MAC airlift through the Philippine Clark Air Base to Diego Garcia, and thereby we are able to maintain two CVBE's logistically and anticipate that we will be able to continue doing so.

Senator Huddleston. What about your fuel problem with the presence that we have there now? Does that cause you difficulty?

Admiral Moreau. [Deleted.]

We have tankage completed now and the entire system will soon be completed for storage [deleted] barrels on Diego Garcia. We have essentially that much ASM and that much aviation fuel again in Subic. In each case you have a problem of which refineries will resupply those. Do we come to continental United States or Guam? It is a problem that we are conscious of. I must say it is an extremely critical task.

Senator Huddleston. It is some kind of paradox to run out of fuel in the Persian Gulf.

Gentlemen, I think that will conclude our session today. It has been very helpful. I want to express my appreciation for the fact that so many of you are here. We are scheduled again at 1 p.m. tomorrow in room 1224, Dirksen Building.

Thank you very much.

Mr. Fliakas. Thank you, Mr. Chairman.

[Whereupon, at 4:35 p.m. the joint meeting was adjourned, to reconvene at 1 p.m., Tuesday, March 5, 1980.]

MILITARY CONSTRUCTION AUTHORIZATION, FISCAL YEAR 1981

WEDNESDAY, MARCH 5, 1980.

U.S. SENATE,
SUBCOMMITTEE ON MILITARY CONSTRUCTION
AND STOCKPILES,
COMMITTEE ON ARMED SERVICES;
SUBCOMMITTEE ON MILITARY CONSTRUCTION,
COMMITTEE ON APPROPRIATIONS,
Washington, D.C.

DEFENSE POSTURE IN THE INDIAN OCEAN AND THE PERSIAN GULF

The subcommittees met jointly at 1:05 p.m., pursuant to notice, in room 1224, Dirksen Senate Office Building, Senator Gary Hart (chairman of the Subcommittee on Military Construction and Stockpiles of the Committee on Armed Services) presiding; and Senator Walter D. Huddleston (chairman of the Subcommittee on Military Construction of the Committee on Appropriations).

Present: Senators Hart and Huddleston.

Armed Services Committee staff: James C. Smith, and James R. Locher, professional staff members. Committee member's assistant: Arnold Punaro, assistant to Senator Nunn.

OPENING STATEMENT BY SENATOR GARY HART, PRESIDING

Senator HART. This hearing will come to order.

This is the third in a series of joint hearings involving both the Appropriation Subcommittee on Military Construction and the Armed Services Subcommittee on Military Construction.

We are focusing in these hearings today on the military construction authorization request as it relates to the defense posture in the Indian Ocean and the Persian Gulf.

We are pleased to have with us once again Mr. Fliakas, Assistant Secretary of Defense for Installations and Housing; Brig. Gen. Harry A. Goodall, Deputy Director for International Negotiations, Joint Chiefs of Staff; and Dr. Lincoln Landis, Senior Intelligence Analyst on the U.S.S.R., Defense Intelligence Agency, accompanied by a number of supporting individuals.

We are pleased to have you back, Mr. Fliakas. We look forward to any statement you may have.

I understand we have two sets of briefings, as we had yesterday. Proceed as you wish. We are in executive session. I presume all those in attendance here are cleared for this session.

STATEMENT OF HON. PERRY J. FLIAKAS, DEPUTY ASSISTANT SECRETARY OF DEFENSE (INSTALLATIONS AND HOUSING) ACCOMPANIED BY JOHN F. ROLLENCE, DIRECTOR, FACILITIES PROGRAMING, OFFICE OF THE DEPUTY ASSISTANT SECRETARY (INSTALLATIONS AND HOUSING); E. A. ROGNER, DIRECTOR, INSTALLATIONS MANAGEMENTS AND PLANNING; BRIG. GEN. HARRY A. GOODALL, DEPUTY DIRECTOR FOR INTERNATIONAL NEGOTIATIONS, OFFICE OF THE JOINT CHIEFS OF STAFF, J-5; LT. COL. SHELDON DEARDEN, USA, OFFICE OF THE DIRECTOR FOR LOGISTICS, OJCS, J-5; DAVID RANSOM, DEPUTY DIRECTOR, NEAR EAST AND SOUTH ASIA REGION, OFFICE OF ASSISTANT SECRETARY OF DEFENSE FOR INTERNATIONAL SECURITY AFFAIRS; PHILLIP E. BARRINGER, DIRECTOR, FOREIGN MILITARY RIGHTS AFFAIRS, OASD (ISA)

Mr. FLIAKAS. Yes; I have no formal statement this afternoon, but I would like to refer to yesterday's prepared statement which indicated that many of the requirements that you are interested in today had not yet surfaced when the President's budget was submitted to the Congress last January. As a consequence, many have yet to be finalized and costed preparatory to coming before this subcommittee for official recommendation or approval.

There is, however, an important segment of the request for Diego Garcia, some $18 million. We spoke briefly of it yesterday, and we are prepared to discuss it in detail this afternoon.

Senator HART. Excuse me, Mr. Fliakas. I don't think any member of the committee will want to hold you to this, but if it is possible to give ballpark estimates of costs or timetables or times, if we were to adopt a certain option of improving a facility at a certain location, it would be helpful to us, I think, to have a general idea of when a request might be forthcoming, how it will fit in with our authorization calendar and so on, and any range of dollar figures you can give us.

I understand these are all alternatives; you will not be held to any of them, but it will help us, I think, in our projection.

Mr. FLIAKAS. We will attempt to respond, Mr. Chairman, but it is going to be difficult. As you know, we have been conducting a number of studies and exercises, but the decisions as to just how or in what form this information will be presented, have not been made.

As you are aware, the administration is also working on a package with regard to budget reductions. At this point, the Department of Defense is exempt from that. Nevertheless, in this context and time frame, the name of the game is obviously to absorb as much of these costs as we can. We can tell you from an unconstrained point of view, what our requirements appear to be, depending on a number of capabilities and options that have not yet been selected.

Therefore, in that context, it is difficult to tell you with certainty this week or next week we are going to present an order of magnitude of so many dollars. We will do our best to respond, though, with the understanding that it can change later today, tomorrow or next week.

Senator HART. That would be our understanding.

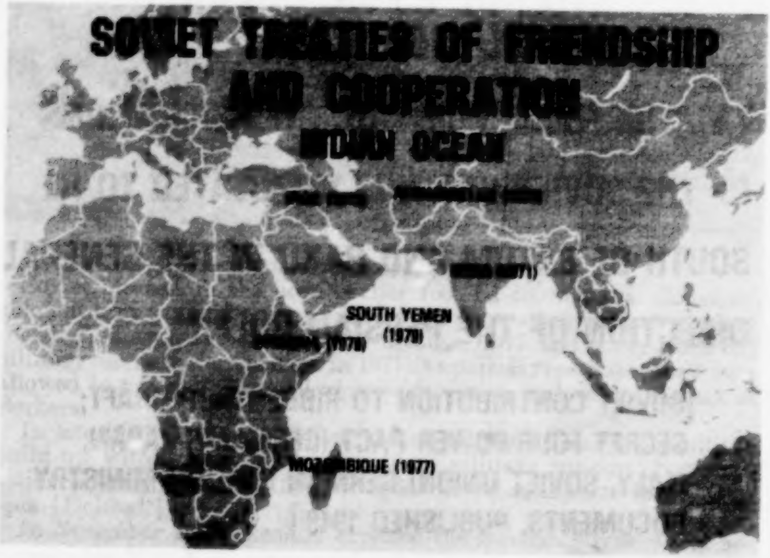
Mr. FLIAKAS. All right, sir. Today we have briefings by the Defense Intelligence Agency, the JCS, and the Department of the Navy. The JCS briefing will relate to the Persian Gulf area, and will include a separate briefing on Diego Garcia. Then we will try to respond to your questions.

Dr. Landis?

SOVIET ACTIVITIES IN THE INDIAN OCEAN AND PERSIAN GULF AREAS

Mr. LANDIS. Thank you, Mr. Fliakas.

Mr. Chairman, my topic is the matter of Soviet activities in the Indian Ocean and the Persian Gulf areas. This includes the Horn of Africa, Afghanistan, and the Indian Ocean.



Treaties of friendship and cooperation illustrate the substantial Soviet political and economic inroads in countries on the periphery of the Indian Ocean during the past decade.

Arms transfers and military training are widely employed means for projecting Soviet influence in a number of countries, through Soviet advisers and through East European and Cuban proxies.

OVERVIEW OF SOVIET POLICY

Soviet leaders regard the United States and China as the main potential opponents to the U.S.S.R.'s expansion. Their struggle with the United States and China is manifested in terms of power and territory, in which the tide of battle is measured in political and military influence and control. This struggle is relentless, pursued aggressively where conditions permit, but patience when resistance stiffens.

SOVIET OBJECTIVES

In the Middle East, this objective is driven by an historic Russian interest in the Persian Gulf, which was documented in the period of Stalin's nonaggression pact with Hitler. [Deleted.]

MOLOTOV STATEMENT TO GERMAN AMBASSADOR

25 NOV 1940

"THE FOCAL POINT OF THE ASPIRATIONS OF THE SOVIET UNION IS STIPULATED TO BE SOUTH OF BATUM AND BAKU IN THE GENERAL DIRECTION OF THE PERSIAN GULF."

[SOVIET CONTRIBUTION TO RIBBENTROP DRAFT; SECRET FOUR-POWER PACT (GERMANY, JAPAN, ITALY, SOVIET UNION) GERMAN FOREIGN MINISTRY DOCUMENTS, PUBLISHED 1949.]

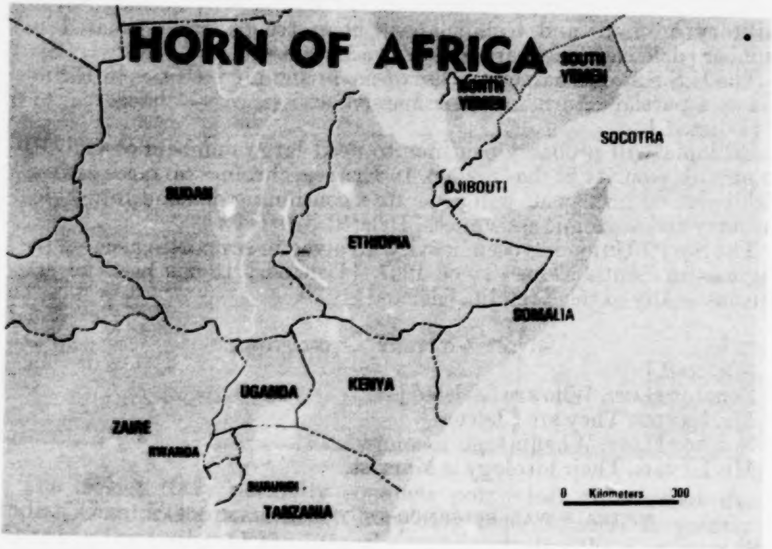
Until recently there has been limited opportunity for Soviet political inroads into the traditionally pro-Western Persian Gulf region. With developments in Iran and Afghanistan [deleted] this situation is changing. [Deleted.]

[Deleted.] Crucial to any assessment of further Soviet military initiatives in the region is Moscow's perception of the United States and NATO reaction to developments in the area.

We shall turn to Soviet presence in the Horn of Africa region.

SOVIET PRESENCE IN HORN OF AFRICA

Moscow has been attracted to the horn and the Yemens because of their strategic location—proximity to the oil-rich Middle East, the Red Sea, and the Suez Canal and the Indian Ocean.



Soviet foreign policy goals in the area [deleted.]

Soviet interest in the horn earlier focused on Somalia. Considerable military support was provided for a value of equipment totaling [deleted] during the period 1964 through 1977 and some [deleted] military advisers were present in 1977. As partial repayment they were allowed to use Somali naval and air facilities, including the port of Berbera.

In late 1976 the Soviet Union took advantage of an opportunity to build up within Ethiopia by providing military support. Somalia's actions in the Ogaden in 1977 led to Moscow's decision to favor Ethiopia. [Deleted.]

In November 1977, Somalia expelled the Russian advisers and abrogated the 3-year-old treaty of friendship, thus ending an arms relationship of 13 years' standing. Moscow focused its attention on the previously Western-oriented Ethiopia, [deleted].

After the defeat and withdrawal of Somali army forces, Ethiopia with Soviet and Cuban logistical support was able to roll back Eritrean insurgents in a campaign from June to November 1978. [Deleted.]

The Soviet Union is now well positioned in Ethiopia; its loss of access to the port of Berbera and Somali airfields has been offset by access to Ethiopian and South Yemen facilities. [Deleted.]

[Deleted.] Soviet equipment deliveries have dropped [deleted] since the peak of 1978, but involvement in Ethiopia has remained high, as reflected by the continued presence of approximately [deleted] Soviet military advisers and technicians. Cuban troops are estimated to number [deleted]. There are [deleted] advisers.

The U.S.S.R. has gained the use of naval and air facilities in Ethiopia as a partial return for their massive assistance. [Deleted.]

[Deleted.]

Ethiopia will probably continue to need large numbers of Cubans to provide security in the Ogaden. In Eritrea, chronic warfare between Ethiopia and insurgents will generate a continuing demand for Soviet military and economic assistance. [Deleted.]

The Soviet Union has been heavily involved in supporting successive regimes in South Yemen since 1967. [Deleted.] It has been an enthusiastic ally of the Kremlin, [deleted].

SOVIET MILITARY ASSISTANCE

[Deleted.]

Senator **Hart**. Who are [deleted].

Mr. **Landis**. They are [deleted].

Senator **Hart**. What is their ideology?

Mr. **Landis**. Their ideology is Marxist.

SOVIET NAVAL PRESENCE IN THE INDIAN OCEAN

We shall now consider the Soviet naval presence in the Indian Ocean.

Soviet naval forces are generally concentrated in the Gulf of Aden and southern Red Sea. [Deleted.]

Soviet combatants normally deployed to the Indian Ocean number about 18 ships reflected here. [Vugraph deleted.] These are the types of ships currently on duty in the Indian Ocean. A comparison of normal and augmented force levels is illustrated by the increase in current deployments.

Senator **Hart**. What is the standard for normality? Over what period of time?

Mr. **Landis**. If I may, Mr. Chairman, I would like to call upon our Navy expert, Mr. Mistretta, to respond to that.

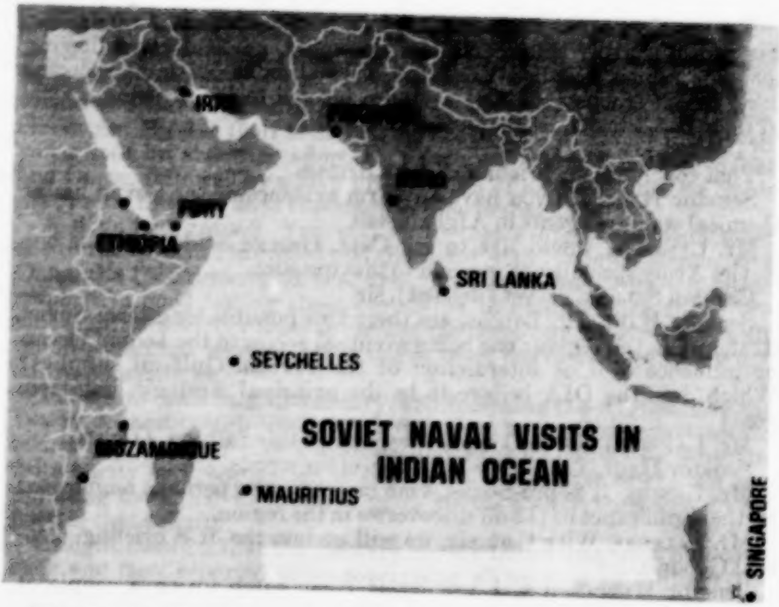
Mr. **Mistretta**. Since about the mid-1970's the standard force level has been approximately 18 to 20 units. This is the base which is used as our normal ship level figure. During crises and special operations these figures fluctuate but they have remained fairly consistent since the mid-1970's.

Senator **Hart**. Over at least a 5-year period?

Mr. **Mistretta**. Yes, sir, since about the 1973–74 time frame.

Senator **Hart**. Thank you.

Mr. **Landis**. Soviet naval activity in the Indian Ocean is directed largely toward (1) port visits and show-the-flag missions, (2) the monitoring of Western naval operations, (3) the maintenance of various patrols and (4) the support of hydrographic and oceanographic research [deleted].



The Soviet Navy normally conducts port visits throughout the Indian Ocean. The ports shown here have been the most frequently visited in the Indian Ocean littoral countries during the past several years. In addition to the political nature of such visits, they also afford the opportunity for ship crew rest, provisions and water.

[Deleted.]

Soviet ships have been calling at Aden since 1968. After Moscow's expulsion from Somalia in November 1977, Aden has assumed major importance [deleted].

Soviet combatants normally deployed to the Indian Ocean [deleted]. In sum, however, the Soviet Indian Ocean squadron [deleted].

SOVIET PRESENCE IN AFGHANISTAN

Finally, we turn to the Soviet presence in Afghanistan.

The Soviet invasion of Afghanistan in late December 1979 is in line with the broad thrust of Moscow's foreign policy. It climaxes a decade in which the U.S.S.R. has pursued two complementary policy lines: "Détente" with the United States and NATO, and projection of power and influence in developing nations with support of wars of "national liberation."

[Deleted.]

Soviet political-military involvement in Afghan internal affairs has continued to escalate. After a coup in April 1978, the Soviet Union launched a major effort aimed at increasing its control of the Communist regime. In December 1978 the U.S.S.R. and Afghanistan signed a friendship treaty, and the U.S.S.R. later used the treaty as a "legal" basis to introduce combat forces. [Deleted.]

The strength of Soviet forces involved in operations in Afghanistan has grown sharply since early last December, particularly following the coup which installed President Karmal on the 27th, as reflected here. Soviet troops (105,000) are now devoted to the invasion, 75,000 of them based inside Afghanistan. [Deleted.]

[Deleted.]

That concludes my briefing, Mr. Chairman.

Senator **Hart**. Do you have any firm evidence of the Soviet use of chemical warfare agents in Afghanistan.

Mr. **Landis**. I would like to ask Capt. George Selden, who is our Soviet Army specialist to respond to that question.

Captain **Selden**. As yet [deleted], sir.

Senator **Hart**. Dr. Landis, are there two possible long-term Soviet strategies in the region; one being eventual access to the Indian Ocean or influence over or interdiction of the Persian Gulf oil supplies? Which does the DIA believe to be the principal strategic long-term goal?

Mr. **Landis**. I believe I would respond in this fashion. [Deleted.]

Senator **Hart**. That is pre-Soviet, in other words.

Mr. **Landis**. It is pre-Soviet. One may say it is perhaps augmented by the significance of the oil discoveries in the region.

Mr. **Fliakas**. With that, sir, we will go into the JCS briefing, General Goodall.

Senator **Huddleston**. I wonder if I can catch up on a couple of items. I did not hear all the discussion about the Soviet naval operation in the Indian Ocean area.

Did you indicate how much of that has occurred as a result of the Iranian and Afghanistan situations—how much have they increased their presence there?

Mr. **Landis**. I would like to call on our Soviet naval specialist, Mr. Mistretta.

Mr. **Mistretta**. The normal presence the Soviets have maintained in the Indian Ocean in the past 5 or 6 years has been about 18 to 20 ships. [Deleted.] Currently, the Soviets maintain 36 units in the Indian Ocean, [deleted]. It is the largest presence ever in the Indian Ocean, surpassing the 1971 Indo-Pakistan crisis and Ethiopia-Somalia War in 1978.

Senator **Hart**. From where do they bring them?

Mr. **Mistretta**. Primarily from the Pacific Ocean fleet, the primary supply of the units to the Indian Ocean. Occasionally, units will transit from the Mediterranean via the Suez Canal. The Black Sea fleet is used to support the Indian Ocean operations. It is a division of labor between the two fleets.

Senator **Huddleston**. How does that force compare with what we have now, not only from the standpoint of numbers but from capabilities?

Mr. **Mistretta**. The primary Soviet threat comes from four [deleted]. They do represent a threat, [deleted]. But the force does represent a threat to U.S. forces.

Senator **Huddleston**. Do we have cruise missiles in the area?

Mr. **Mistretta**. No, sir, I do not believe we do.

Admiral **Moreau**. We have three PC-3 aircraft.

Mr. **Fliakas.** I will ask General Goodall to continue with his briefing.

General **Goodall.** Mr. Chairman, it is a privilege for me to appear before the committee and report to you on the progress of U.S. efforts to increase our capability to do military operations in the Indian Ocean and Persian Gulf area. During the briefing, I would like to tell you a little bit about the efforts that we put forth in Kenya, Somalia, and Oman, followed by a map presentation of actually what we think that we are likely to do at this stage in time in that area.

A little background. You will recall that a high-level team went out to the area in December and discussed with Somalia, Kenya, and Oman the U.S. presence in that area. They came back with a positive response, a good feeling about our ability to do something there. We sent a military survey team to each of the three countries to look at all facilities in those countries that might be of use to us in carrying out our responsibilities.

The teams came back in January, and following the Afghanistan invasion, we sent a high-level negotiating team to the three countries to, in fact negotiate our rights to access under the umbrella of a program for security and cooperation in the region. I was part of the last negotiating team that went out. It gives me the ability, therefore, to report on that activity.

I might mention that the military survey teams that went out came back and they reported to us concerning all manner of military facility potential in each country and we are now on a very fast track—as has been alluded to by Mr. Fliakas—of sorting out from among all the possibilities that which we think make sense and that which we would like to do in the area.

While we were there, we [deleted] what we might do and I will describe that to you in a moment.

As I said, we put forth our U.S. proposal in terms of access to facilities in securing a cooperative arrangement with these countries. On the cooperation side, we offered them military sales opportunities. We provided offerings of military training funds. We provided offers for economic support and other things. I will not address those. I will address primarily the access side of the question.

[Deleted.]

That concept was accepted.

I will emphasize again that we are not seeking U.S. military bases. We were seeking access to host nation facilities that would be improved as required for the operation of U.S. forces which are markedly different from the forces in those countries in most cases.

I would like to refer to a map and talk to you about the situation. The United States is attempting to do something that is about as difficult as it can be.

[Map deleted.]

This is Diego Garcia, the area of interest. We are talking about a route of 8,000 miles coming from the east coast; 10,000 miles coming from the west coast; and about 12,000 miles if you come around Africa to get into the area.

I do not intend to say very much about this, but I found the measurement of distances involved in the region to be useful. If you were to overlay the Arabian peninsula on the United States you would be up in New York and Pennsylvania in this area [indicating], down into Georgia and Florida in this area, out into Colorado almost here. It is very large. In the country of Somalia, this would be Chicago, Ill., New York and Georgia down in here. Kenya is larger than the State of Texas. I have thrown some distance markers on the chart making as its focus the Straits of Hormuz. You will see that the distances are quite large.

We are talking about 700 miles from the straits down here to the facilities in Oman; we are talking about 1,400 miles down here in Somalia. We are talking about almost 2,000 miles down here in Southern Somalia. We are talking about 2,400 or 2,500 miles down here in Kenya from the Persian Gulf area of interest.

Senator HART. What about Diego Garcia?

General GOODALL. Diego Garcia is out here about 2,600 miles. So, the distances are quite important.

[Deleted.]

Senator HART. Did you investigate all those that you needed with the possibility that you may not get them all?

General GOODALL. We investigated many more than this as I mentioned earlier. These are the ones that we have an interest in [deleted].

Senator HART. You can use them all?

General GOODALL. [Deleted.]

All of the facilities that we looked at and all the facilities that we intend to use will require some improvement for use by U.S. forces. We need to, of course, have munitions storage in the area. We need to upgrade water and fuel systems. We need to fix ramps and taxiways and those kinds of things.

I am prepared to go into each facility. I will offer the suggestion that should you want data about each of the facilities, we will be pleased to provide that in terms of a fact sheet.

Senator HUDDLESTON. I think we need that, general.

General GOODALL. I will illustrate a couple of major projects.

Senator HUDDLESTON. Tell us about the general types of things you are going to do. You talk about extending runways and putting in buildings.

Senator HART. Ballpark figures if you have them.

General GOODALL. For some of the facilities the work is quite minor. I will talk about the two major ones for a moment. [Deleted.]

Senator HART. General, how much funding is involved in such a major effort?

General GOODALL. I can't cost these kinds of things at this point. It is obvious that they are costly. It is not a trivial expense. We are talking in terms of millions of dollars; I can say that much.

Senator HART. That is what I am looking for. Tens or hundreds of millions of dollars?

General GOODALL. I believe you might be able to say that.

Mr. FLIAKAS. Ultimately, it could conceivably be in the [deleted] if we talk about the combination of all the facilities but that would obviously also be over a period of time. My main concern at the moment, Mr. Chairman, is to get sufficient planning and design moneys to get an early start on a definitized bill of particulars.

Senator HART. I am just trying to get an idea of the universe we are operating in. That is why I have been pressing to get some general numbers.

General GOODALL. To continue. Masirah Island located off the coast of Oman is a very secure facility. It is a military airfield with a small anchorage. It has a British communications relay station there right now. Its condition is poor. It is used for fighter training by the Oman Air Force.

[Deleted.]

Again I will point out that no one has decided we must do this. This is a very-fast-moving sort of thing. Just last month the survey team came back and told us what might need to be done.

On the other side of the coin, Mombasa in Kenya is a modern commercial port with 17 pier-sized berths and 8 anchorages. [Deleted.] The Mombasa commercial air field in the same area is C–141 capable. [Deleted.]

Senator HUDDLESTON. What about your plans for security, General, if we are going to have weapons and munitions stored there?

General GOODALL. The next thing I was going to talk about is people. You should know that committee members in other committees have expressed concern that we are not going to have enough people to take care of the security of our property.

[Deleted.] I will address the security questions to some extent.

We have in many countries used host nation security forces. [Deleted.]

Senator HUDDLESTON. That is not the system that the Russians used at Berbera.

General GOODALL. Our experiences with host nation security are wide and varied. They can be troublesome or safe depending on our relationship.

Mr. FLIAKAS. The point was made earlier that we are not seeking to establish a U.S. base at this time.

General GOODALL. That is one of their sensitivities, their sovereignty and the pressure that they feel from the other Arab nations by letting us come there at all.

[Deleted.]

Senator HUDDLESTON. Do we have the ships now to fulfill that requirement?

General GOODALL. Preposition requirements?

Senator HUDDLESTON. Yes.

General GOODALL. I will turn to my naval colleague on the status of the prepositioning ships.

Senator HUDDLESTON. Do we have enough to fulfill the requirement he is referring to?

Admiral MOREAU. The answer is not yet but in the manner in which we want to do it, some of the ships which we put there will come from the MST fleet.

Senator HUDDLDSTON. Are they in the works?

Admiral MOREAU. [Deleted.]

Senator HUDDLESTON. Will the availability of these ships have any influence on the timing of the construction work that has to be done here?

General GOODALL. The timing of the work on the general facilities? I believe that the arrival of the ships and their capability will sort of blend in on a schedule which we might see as possible to get these kinds of things done, Senator.

Under normal conditions that is what we would be doing. Under exercise conditions we see trying to do, as much as we can, combined training by forces that we bring in the area with the host nation forces. [Deleted.]

Under surge conditions we would make the best use of all facilities that we could, realizing that the closer we get in this direction probably the better off we are.

I will close by saying we have [deleted] to do the kinds of things that I have described and in about as much detail as I have described it. The process of firming up what we will do as opposed to what they agree to let us do and what construction requirements will ensue for the capability that we want to develop is something that we are working intensely on now in the military side of the House.

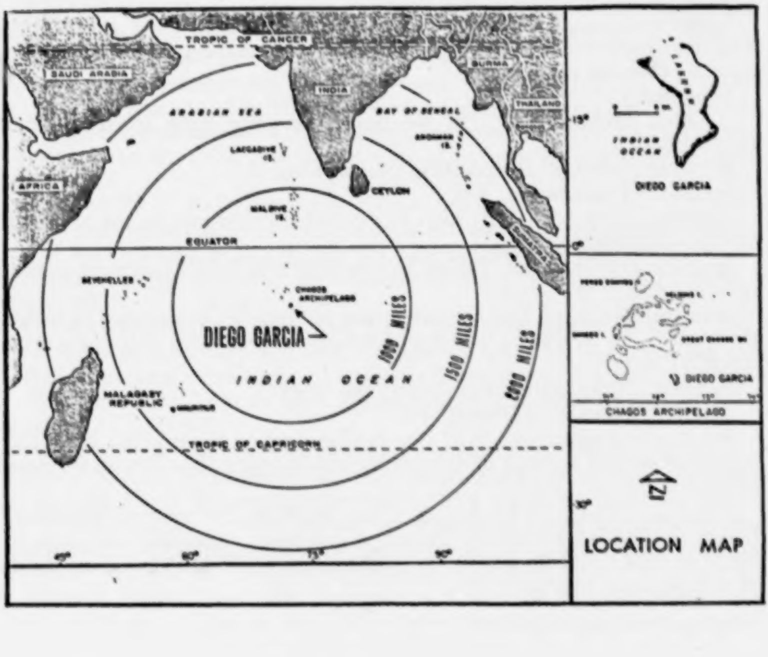
That concludes my briefing.

Mr. Fliakas. Mr. Chairman, before we submit to your questions we have a short briefing on Diego Garcia if that meets with your approval.

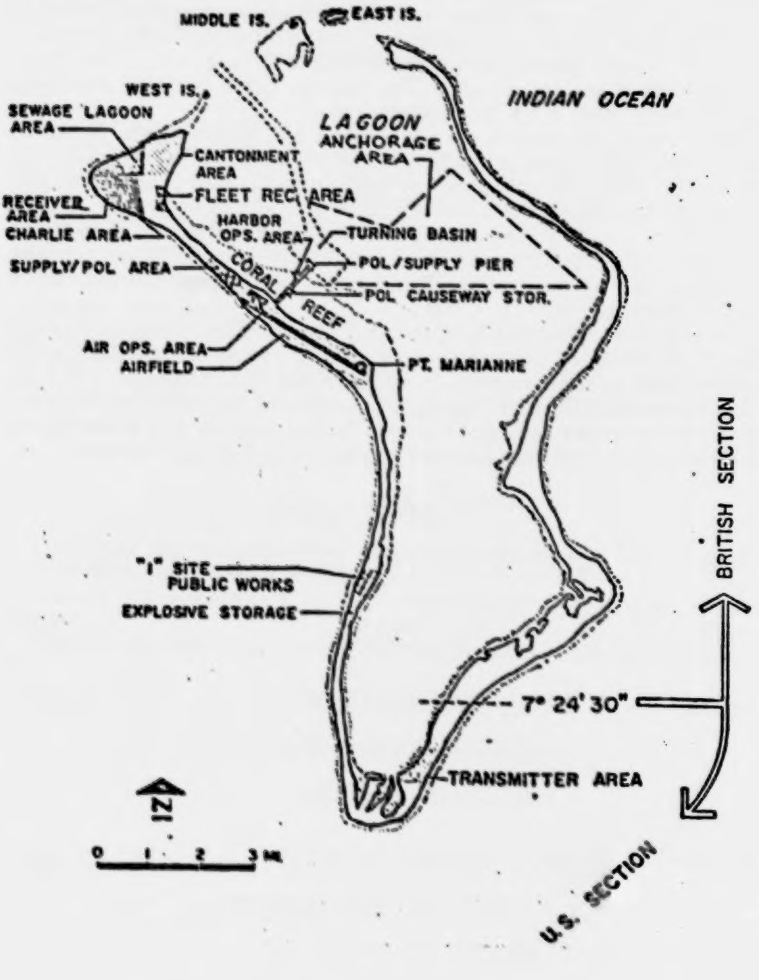
Colonel Dearden. Good afternoon, Mr. Chairman. My name is Lieutenant Colonel Darden. I serve with the Organization of the Joint Chief of Staff in the Logistics Directorate, J–4.

The purpose of this briefing is to provide you with a current overview of Diego Garcia facilities and the near term plans for expansion.

First, a brief overview of the island. Diego Garcia has become strategically important to the United States because of its proximity to the Middle East and Indian Ocean littoral. Further because it is the only U.S.-controlled installation in the geographical area relatively free of political constraints. As shown here, Diego Garcia is just over 2,000 miles from Saudi Arabia. It is 3,100 miles from the Philippines.



Owned by the United Kingdom and a part of the Chagos Archipelago, Diego Garcia consists of 6,720 acres. It is 40 miles long and encloses a lagoon 9 miles across at its widest point. It averages about 4 feet above sea level and is underlain by massive coral rock. In 1966 the United States by a 50-year agreement with the United Kingdom was permitted entry into the British Indian Ocean territory. In 1972 the United States was permitted the use of 3,700 acres on the west side of the island for an austere communications facility. Subsequently through a 1976 agreement the United States expanded the facility to provide a logistics capability for deployed naval forces. In addition, a construction program and master plan has been formulated for the orderly development of the island.



When the funded facilities presently under construction are completed the Navy's Seabees in fiscal year 1982 the island will be fully capable of supporting one carrier battle group.

On this slide are shown the main areas currently under development in accordance with the master plan. If I may, I would like to point out some of these areas and what their capabilities are.

On the very northern tip of the island is the cantonment. When it is fully completed it will have berth spaces for 800 enlisted and officer personnel. At the very tip up here there is a temporary camp of 850 people for the Seabees. There is a communication complex divided between the north and south end of the island. The receiver area being in the north with a secure communication facility and the transmitter area in the south. Just to the south of the cantonment area is a supply and POL area. There is minimal warehousing there now but the POL area is close to completion. It will be fully complete September 1980. It will have a capacity for [deleted] barrels of POL. Next, is the airfield operations area. The runway there is 12,000 feet long 150 feet wide with two 1,000 foot overruns.

The aircraft parking ramp has an area of 110,000 square yards. In the airfield area there is a new pier which will also be completed in September 1980. On the causeway leading to the pier is an additional [deleted] barrels of POL storage in two 30,000 barrel tanks. To the south is the public works area. The Navy has facilities there to maintain their other facilities on the island. Further south is the present ammunition storage area which is capable of holding [deleted] short tons of ammunition.

Recent events have made it necessary to consider expanding Diego Garcia capabilities beyond that originally envisioned in the Navy's master plan in order to support an increased U.S. presence in the Indian Ocean-Middle East region. Consequently in discussing the construction program for Diego Garcia in the near term it is helpful to discuss each of the two current expansion initiatives separately.

DIEGO GARCIA

MILITARY CONSTRUCTION, NAVY - FY 1981*

NR	PROJECT	($M)
P-025	NAVAL COMMUNICATIONS STATION-OCEAN SURVEILLANCE BUILDING ADDITION	2.977
P-027	NAVY SUPPORT FACILITY -UTILITIES AND FACILITIES UPGRADE	2.000

* NOTE: ONLY TWO OF THREE PROJECTS SUBMITTED SHOWN

First, two of the three projects the Navy has in its fiscal year 1981 military construction program for Diego Garcia are shown on this slide. One project will expand the capabilities of the communications facilities and the other will improve the island water supply system. Both are in consonance with the island's master plan. The second initiative addresses expanding Diego Garcia's capabilities to support the concept of the rapid deployment of a Marine amphibious brigade from the Far East to the Middle East. The concept envisions the airlift of a Marine amphibious brigade with supporting tactical aircraft but without the use of any U.S.-controlled air fields. Diego Garcia would provide inflight refueling support for the airlift operation.

Supplies, ammunition, and major equipment for the brigade would be pre-positioned to board the maritime pre-positioning ships moored at Diego Garcia.

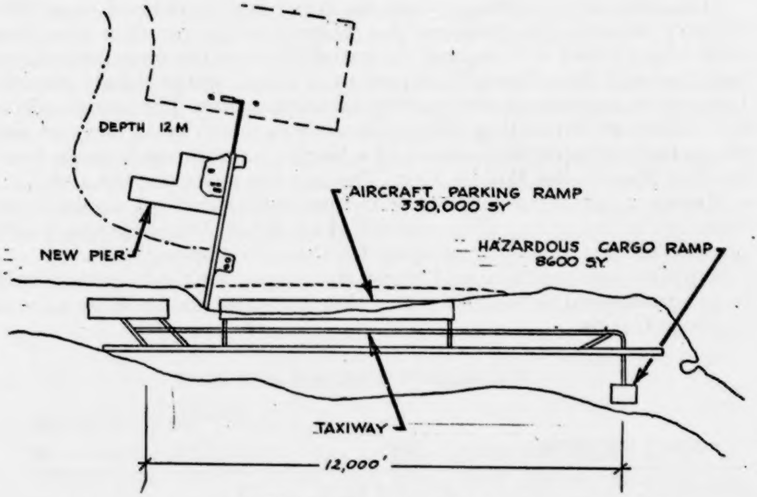
FY 81-84 MILCON EXPANSION OF DIEGO GARCIA

PROJECT DESCRIPTION	SCOPE	EXECUTION FY - $(000,000)			
		81	82	83	84
DREDGING	2.5 MIL CY	13			
DREDGING	3.5 MIL CY		12		
AC PARKING APRON	220,000 SY		33		
TAXIWAY 75' x10500'	87,500 SY		16		
HI'CAPACITY REFUEL HYDRANTS	8 EA		6		
AC HAZARDOUS CARGO AREA	8,600 SY		2		
PIER - EARTH FILL	200,000 SY			24.2	
POL STORAGE (4 TANKS)	400,000 BBL			16.5	
UPGRADE WATER SYSTEM	LS				10.9
PLANNING/DESIGN		5	2.5		
		18	71.5	40.7	10.9
	TOTAL	$141.1			

This slide outlines the $141.1 million 4-year construction program necessary to achieve this capability.

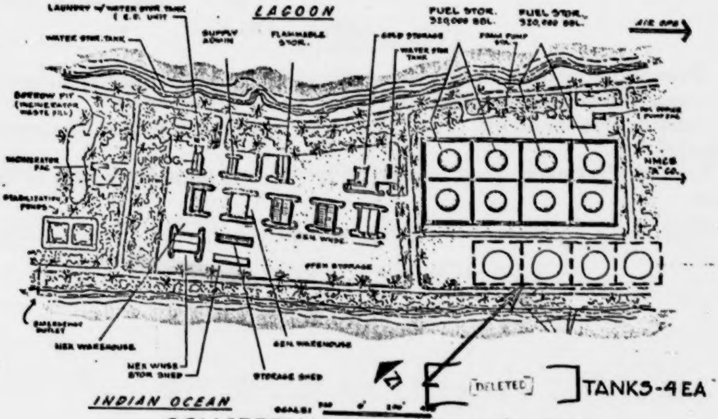
Senator HUDDLESTON. This plan was developed before the recent events?

Colonel DEARDEN. That is correct, sir. It was actually begun before that.



CONCEPTUAL AIRFIELD EXPANSION

The first phase of the necessary dredging has been included as the third project in the Navy's fiscal year 1981 military construction program. This slide shows the planned location of the additional aircraft parking ramp, the parallel taxiways, the hazardous cargo area, and the new pier. The pier will have berths at which maritime prepositioning ships can offload and exercise major items of combat equipment.



CONCEPTUAL PLAN ADDN'L POL

Shown here is the planned location for the four additional [deleted] barrel POL tanks. The additional storage will increase the current storage capability at this particular location from [deleted] barrels to [deleted] barrels.

In January of this year, the Joint Chiefs of Staff completed an examination of the future use of Diego Garcia and recommended to the Secretary of Defense that its capability be further expanded and that an agreement be sought with the Government of the United Kingdom for use of the entire island. The Secretary of Defense concurred in the recommendations and requested that the Joint Chiefs of Staff and the Secretary of the Navy jointly develop a prioritized costed list of specific further expansion requirements.

This work is still in progress.

Senator **Huddleston**. Up to this time you have not changed the 5-year plan?

Colonel **Dearden**. That is correct, sir.

Senator **Huddleston**. But it is likely that it will be; is that correct?

Colonel **Dearden**. There is no decision made at this point.

[Slide deleted.]

Colonel **Dearden**. This next slide sumarizes the additional support capability to be gained at Diego Garcia from current and near-term construction programs just discussed. As you can see, under the heading of proposed future expansion, there are capabilities listed there which are currently being explored for possible incorporation in future expansion programs. As yet, no decisions or recommendations have been made concerning any future expansion at Diego Garcia other than the two initiatives just discussed.

Although the fiscal year 1981 to 1984 expansion program is geared toward providing the capability to rapidly deploy a [deleted], the airfield facilities additions included in that program will permit expanded [deleted] operations. Major additional capabilities that could be achieved by a future expansion program would be the capability to fully support [deleted] to conduct operations and for logistics surge operations in support of the Rapid Deployment Joint Task Force. At present, however, [deleted] operations are constrained by an understanding relating to the existing agreement with the United Kingdom.

[Additional information follows:]

In summary, every attempt has been made to insure the orderly development of the island. The fiscal year 1981 to 1984 expansion program will increase Diego Garcia's capability to support an increased US presence in the Indian Ocean region in both peacetime and in a regional contingency situation. Future expansion options are also being examined to determine what additional support capabilities could be provided at Diego Garcia to increase logistics surge support for the Rapid Deployment Joint Task Force in a contingency role.

Senator **Hart**. May I see the last slide for a moment?

I take it the amount of money we are talking about is to accomplish everything down through——

Colonel **Dearden**. Proposed future expansion.

Mr. **Fliakas**. If I might add, the out-year projections are a plan that is not reflected in the 1981 program. Only those three projects are at this time.

Senator **Hart**. The runway you have there will not handle [deleted] at the present time?

Colonel **Dearden**. Only in a dire emergency, so to speak.

Senator **Hart**. Thank you very much.

Colonel **Dearden**. Special attention has been given to developing a realistic expansion program that will disturb as little as possible the island's real estate and waters and still not exceed its natural capability to support permanent party personnel and any additional personnel that will be involved in temporary surge operations.

This concludes my briefing. Are there any questions?

Senator **Hart**. Is it your thought you would need that out-year program, or would that be backup or replacement for Kenya, Somalia, and Oman?

[Additional information follows:]

Lt. Col. **Dearden**. Sir, the out-year program would not be intended as a replacement or back-up for the proposed bases in Kenya, Somalia, and Oman, but rather to compliment the support capability of those bases. Thus, the possible future capabilities for Diego Garcia as shown on the bottom of the slide would be tailored to make Diego Garcia an integral part of the overall Middle East base network.

Senator **Huddleston**. Have the agreements been finalized with the British on all of these potential plans that we have?

Colonel **Dearden**. I can only refer to the first part. [deleted.] Beyond that I can't say.

Mr. **Fliakas**. May I ask Mr. Barringer from our International Security Affairs Office to address that?

Mr. **Barringer**. [deleted.] The present agreement covers normal operations and operations under circumstances other than normal. Under that latter category we have had certain discussions with the British, and will have further discussions as well. It is our hope that the present 1976 agreement will suffice for the expansion.

Senator **Huddleston**. Is there a time limit on that agreement?

Mr. **Barringer**. It runs for 50 years, to 2016, and may be extended for another 20 years thereafter, to 2036.

Senator **Huddleston**. What are the British doing on the island?

Mr. **Barringer**. The British have a liaison officer to carry out civil functions. There are about 25 Royal Navy personnel who are integrated into the communication facility there, and the British also make occasional naval and aircraft visits to the island. The main activity on the island of course is American.

Senator **Huddleston**. Are we confident that their arrangements with the residents of the island are going to be satisfactory enough that they won't present problems in the future?

Mr. **Barringer**. Those arrangements were first entered into back in 1966. Then the people were relocated in the early 1970's. In 1973 the British made a final settlement with Mauritius for 650,000 pounds, or about $1.4 million at that time. That was a figure of course in which we shared the cost, as part of the overall settlement whereby the costs of separation were divided between the United States and the British. We believe that that will settle the matter between the two governments. The Government of Mauritius then had to make arrangement with the individual contract workers who were in fact——

Senator **Huddleston**. What is the United States currently doing there? What kind of activities are we conducting at Diego Garcia? Is it all Navy at the present time?

Admiral **Moreau**. Yes, sir; essentially so. You know, we started off there as a naval communication station, quite austere. It has grown from that to a naval support facility which is bare bones and austere but it does give you a transshipment point and POL storage, limited ammunition storage. Perhaps the most critical thing presently is that it provides staging for P–3 aircraft reconnaissance in the Indian Ocean.

We normally have there about three of the five or six in the Indian Ocean that are present and working in Diego Garcia. It has to support itself as well as transshipment. It has POL storage. It has a pier. It has POL transshipment capability and they are in process of building the pier. We fly the 141's on daily MAT flights to bring in replenishment for the carrier groups and then COD out of Diego Garcia as well as move the mobile logistics support ships back and forth from Diego Garcia into the Arabian Sea.

Senator **Huddleston**. What additional capability will the dredging project that we are asked to fund have?

Admiral **Moreau**. The current 1981 budget dredging project basically provides landfill and the material necessary to build. It is low land. Virtually everything you do has to be filled before you can do it. You need the crushed coral you bring out of the lagoon in order to create the material to do the building.

Senator **Huddleston**. It is that rather than deepening the port that is important to you?

Admiral **Moreau**. We will have a 6-mile square anchorage which will take one battle group as well as the channel and pierside facilities. It will, however, create anchorage for a battle group.

Senator **Huddleston**. Thank you.

Senator Hart.

Senator **Hart**. I have a few questions on the other facilities that we are looking at. I may want to come back to Diego Garcia.

Mr. Fliakas, do you or anyone with you know what the nature of the agreements will be that we are negotiating with these several governments? You say here today that we have reached a formal agreement. Will those be treaties? Will they be executive agreements? Will Congress be involved in approving those? What will be the nature of the arrangement?

Mr. **Fliakas**. Phil or Dave.

Mr. **Barringer**. Sir, we have had preliminary discussions with the three governments. These have not been reduced to formal agreements at the present time. We are working to develop the texts of those agreements and we intend in the near future to have negotiations with each of the three governments. I don't believe a firm decision has been reached within the administration as to what form they will take but there is no question that Congress will be fully consulted at every stage. The various possibilities would be an executive agreement as such; an executive agreement subject to congressional approval as was the case with Greece and Turkey a few years ago, or a treaty.

Senator **Hart**. Thank you.

General, Mombasa in Kenya is as far away from the straits, the Persian Gulf, as Diego Garcia. Why do we need both of them?

General **Goodall**. The fleet is going to be moving around of course. [Deleted.] As a matter of fact, it is quite capable.

It did not seem inappropriate to us to have some redundancy, rather than put all our eggs at Diego Garcia and all our capability there.

Senator HART. The principal reason for redundancy would be geographic, not political?

General GOODALL. That is right, yes. And it is not a very expensive—as a matter of fact, I would add it is one place where we can have shore liberty parties now in large numbers. At the rest of the ports liberty would be a problem. We are currently calling at the Port of Mombasa and our sailors are going ashore and enjoying themselves.

Senator HART. If they are going ashore they might as well enjoy themselves.

General GOODALL. It is possible to go ashore and not enjoy yourself.

Senator HART. Did the survey team undertake to examine the possibility of the use of [deleted] being 500 or 600 miles from the strait?

General GOODALL. They did not.

Senator HART. Why is that?

General GOODALL. I can't respond as to why; they went to the three countries mentioned to look at the facilities in those three countries.

Mr. RANSOM. [Deleted.] We already make ship visits, of course, and have had some P–3 flights [deleted]. Normal operations of this sort are entirely adequate at present.

Senator HART. I missed the logic, I guess. Where is it that current mutual security discussions work against the use of those facilities instead of in favor of it?

The way you opened your statement, you made it seem that one precluded the other.

Mr. RANSOM. The offers that we have made for aid have not yet been accepted [deleted]. The list of equipment that we might provide under those offers with United States and other funds that would be available, have also not yet been agreed to. [Deleted.]

In the meantime we felt that it was preferable to approach Oman, Somalia and Kenya, to try to pin down some use rights there [deleted].

Senator HART. But that is still an open question?

Mr. RANSOM. I think, yes, it is, theoretically, an open question.

Senator HART. Logistically, it would make a lot of sense; would it not?

Mr. RANSOM. I think it would have some advantage, yes, especially advantages of the sort that are offered by having a number of places to go to, that is, flexibility to shift from one area to another and to reduce the burden that might fall on any one country of accommodating U.S. forces, and insurance against the possibility that our forces might be precluded from the use of other places.

Senator HART. I don't understand the last part.

Mr. RANSOM. In the event of a major deployment, our use of any of the facilities that have been discussed in Oman, Kenya, and Somalia depends on the approval of the governments involved. It is based on prior consultation. That is not true for routine operations and for exercises and such I think there will be a simplified form of approval; but a deployment that might be operationally engaged would have to be based on prior approval and in some cases with intensive consultation.

In contingencies, the reaction of local governments is likely to vary. Our ability to operate in that area is going to depend on having a number of places which we can approach.

We also have to judge the number of places by the size of operations that are theoretically possible in the area. What, under normal circumstances, amounts to redundancy could become more important if a very large force is deployed into the area. In other words, we would need access to more facilities there. [Deleted.]

Senator HART. But leaving the politics aside, is there any military reason why we should not and, in fact are there not a lot of national security reasons why that should be considered?

Mr. RANSOM. Indeed there are, [deleted].

Senator HART. If I understand the fundamentals of the redundancy argument, it would make a lot of sense to pursue that one along with the others, as you suggest, if the [deleted] seem willing to consider it?

Mr. RANSOM. I think that is true.

Senator HART. Thank you.

General, what discussions were involved with the Israelis? Was any consideration given to the use of Israeli air bases?

General GOODALL. Not in the initiative I was a part of. Someone else may, in fact, be able to address the Israeli question.

Mr. RANSOM. The Israelis have offered in the past to allow us to use certain bases, but there are very large, practical obstacles [deleted].

Senator HART. What about Egypt?

Mr. RANSOM. The Egyptians have made offers. [Deleted] officials of the Egyptian Government have made offers repeatedly to allow us access to their facilities under certain circumstances and certain contingencies. They have specifically rejected the idea of bases involving a permanent presence.

Here, again, we have not pressed this initiative to any kind of conclusion along the lines or along the scope of the ones we have in Oman, Kenya, and Somalia.

[Deleted.]

Senator HUDDLESTON. What about the bases in the Sinai that the Israelis are giving up, is there any change that Egypt would just as soon allow the U.S. to use them? What would be the problem there?

Mr. RANSOM. [Deleted.] The use of those facilities would require renegotiation of parts of the treaty which involve demilitarization and would involve a number of political issues, as I understand it, including the desirability of a permanent military presence of the United States between Egypt and Israel.

I again think that the use of those bases is an option that has not been foreclosed, however.

Mr. FLIAKAS. I think it might have been in jest, but I visited there last month [deleted].

Senator HUDDLESTON. We have one in Louisville, Ky.

Senator HART. Let us talk about the quid pro quo a little bit.

What security assistance have we pledged to the three nations in return for base rights?

Mr. RANSOM. The total sum for the three countries comes out to close to $100 million in 1980 and 1981.

Senator HART. In 1980?

Mr. RANSOM. In 1980 and 1981.

Senator HART. We have not reached an agreement, yet you are presuming we are going to have some papers signed in fiscal 1980; is that correct?

Mr. RANSOM. I would expect the draft agreement could be forwarded to the host governments in the next couple of weeks, for their review, and then negotiated under a circular 175 procedure. These are agreements which, as now structured, are largely technical, allowing us access, as Phil Barringer described to you, giving us certain protections and privileges for the importation and removal of equipment in person.

We have talked to the countries in terms of seeking authorization from the Congress to provide aid in the following amounts:

Senator HART. But you are looking at fiscal 1980.

Mr. RANSOM. In the case of fiscal 1980 funds, it would have to be a a budget supplement and in 1981 an amendment.

Senator HART. What other commitments will we make in terms of mutual security?

Mr. RANSOM. In the case of Oman and Somalia, we offered a general statement of our concern for the security of the countries and offered in addition to consult on an appropriate reaction in the case of a threat to their security.

Further, the Omanis asked us if we would be prepared to reduce that to writing for them in some form. I think if we did so, it would be presented to them in the form of a Presidential letter, although a decision on that has not yet been taken.

No matter what form such an assurance was offered in, it would be the subject of testimony and complete disclosure here in Congress.

Senator HART. What does that mean about the United States getting involved in the Ogaden war?

Mr. RANSOM. In outlining these assurances to the Somalis, we made it explicitly, in fact, insistently clear that they would not extend to a reaction by outside forces to provocations which the Somali Government might mount, and we further made it clear that the equipment that we would provide under FMS procedures would be restricted to use within the international boundaries of Somalia, and we could not, and would not, accept transfer of such equipment outside.

Furthermore, I think we can say without any question that [deleted].

Senator HART. Obviously, these being delicate affairs, I would think the more they could be reduced to writing and mutually agreed to, the better off we both would be?

Mr. RANSOM. I do not think we are going to get [deleted].

What we can do, however, I think, is [deleted].

Senator HART. In what form has that been undertaken?

Mr. RANSOM. They will undertake to do that latter part in writing.

Senator HART. That is what I had reference to.

Mr. RANSOM. That is done as a matter of course in any arms transaction.

Senator HART. I understood Dr. Landis to say that the political fact is the Russians have changed sides in that affair, because the Ethiopians had the more popular African position on the matter.

Mr. LANDIS. I believe the wording you are referring to is to the effect that one of the considerations with Ethiopia's prominent position among the other African states. I did not refer specifically to the issue.

Senator HART. What I had understood was that in that part of Africa, if not throughout Africa, between the two of them they generally perceived the Ethiopians had the more acceptable side of it?

Mr. LANDIS. I did not get into the issue of the [deleted] but dealt more with the matter of Ethiopia's prestige and position as an African power [deleted].

Mr. DUDLEY. In Ogaden conflict, the Somalis were violating the Organization of African Unity agreement that all African governments maintain colonial boundaries. When the Solami regular force crossed the border into the Ethiopian Ogaden, that was in direct violation of the OAU guidelines; therefore, Ethiopia was right according to OAU standards.

Senator HART. Does that mean that military cooperation between us and the Somalis is going to carry with it a certain regional political burden that we ought to know about?

Mr. DUDLEY. Yes, sir.

Senator HART. Your answer was "yes"?

Mr. DUDLEY. Yes, sir.

Mr. RANSOM. If I could follow up on that point, in the case of Kenya, the team that visited Nairobi in December was specifically told that [deleted].

However, in the last visit in February to Somalia, we also undertook to inform the Somalis that we thought they should undertake no action detrimental to the interest of either Kenya or Djibouti.

This is clearly understood on their part, although here, again, there is no written commitment on their part not to take steps like this. We do not expect them, however.

Senator HART. You would agree it would be unfortunate if on execution of this agreement we start getting beaten out politically throughout Africa?

Mr. RANSOM. I do indeed. I do not think that is likely to occur. I hope it does not. The position of the United States is assisting Somali within international boundaries is not likely to provoke a reaction of that sort.

Senator HART. It has in the past with other countries.

Let me ask one question: Last year the Defense Department asked for construction authority to upgrade the airport at Liberia. When we requested the status of the written agreement with Liberia to guarantee that we can utilize the airfield after the construction dollars were put in effect we were told this was not a problem. Ultimately, the project was authorized, contingent on the execution of a written agreement with Liberia insuring we could use the facilities.

What is the status of that agreement with Liberia?

The reason I ask I think is obvious, because it relates to these other situations.

Mr. FLIAKAS. You ask for the status of the agreement?

Senator HART. The point here is that we were told, "Don't worry about a written agreement; just give us the money; we will go ahead and construct it and the agreement will work itself out."

We don't have that agreement yet, to my knowledge. I don't want to get into that situation with three other countries.

Mr. FLIAKAS. If I might provide you with an answer. I don't think we have the answer here, but we will provide it.

Senator HART. You are familiar with the case?

Mr. **Fliakas.** Yes. I recall the project very well, and the authorization that was provided.

Senator **Hart.** And it was contingent?

Mr. **Fliakas.** Yes, sir.

[The information follows:]

The proposed agreement was presented by the U.S. Embassy in Monrovia to the Liberian Government in early January, 1980. At that time, Liberia requested copies of pertinent reference materials, which have been provided by the State Department. As soon as the Government of Liberia has reviewed all documents, we anticipate concluding a satisfactory user agreement, well before the planned start of construction. The project is currently 75 percent designed. We expect design completion in June, 1980, and anticipate awarding the contract in September.

Senator **Huddleston.** Back to Afghanistan, and the Soviets there, I guess we can assume they will eventually consolidate their position. Is there any speculation or suggestion that once they do that, that they will add additional bases of their own within Afghanistan, perhaps close to the Pakistan border, or the Iranian border, or both?

Mr. **Landis.** Mr. Chairman, [deleted.] I would like to give our Soviet Army specialist, Captain Selden, an opportunity to discuss this question, if he has any comments to make.

Captain **Selden.** We are not prepared to make an assessment at this time to what extent the Soviets would construct facilities in Afghanistan. They have shown a tendency to prefer separate military barracks and facilities from those of host countries, if you will.

We have no reason at this time to suspect that they would not begin to construct those types of facilities if they were to consolidate in Afghanistan and found host country facilities to be inadequate.

Senator **Huddleston.** It would, of course, put them several hundred miles closer to the center of what might be important operations some day, would it not, if they moved in and actually put airfields and personnel closer to those borders?

Captain **Selden.** It certainly would.

Senator **Huddleston.** I am sure that would complicate our situation even more; would it not? How are they now supplying the increased naval presence that they have?

Mr. **Landis.** I would like to defer to Mr. Mistretta.

Mr. **Mistretta.** The logistics support is being maintained by Soviet forces afloat. While the Soviets have doubled their force levels, the tempo of operations has not increased significantly. The surveillance against the U.S. battle groups has been [deleted] in the last several weeks. At the beginning of the crisis they did have a fairly large force conducting surveillance. [Deleted.] The forces which have augmented the area have had additional logistics ships going along with them.

Senator **Huddleston.** Most of their ships are in port most of the time?

Mr. **Mistretta.** Yes, sir; most of their time is spent in anchorages or in port areas.

Senator **Huddleston.** I don't think we have touched on Saudi Arabia at all up to this point. Apparently they are not agreeable to our stationing large numbers of forces on their soil. We do have advisers there now; do we not? Military advisers?

Mr. Ransom. Yes; we do.

Senator Huddleston. What is the Saudi attitude, then, on the use of their facilities? How do they feel about our going into these other countries—Oman, Somalia and Kenya?

Mr. Ransom. I will take the last question first.

[Deleted.]

Now, you asked another question about that.

Mr. Fliakas. Do we have advisers there?

Mr. Ransom. We have approximately 3,700 American employees in Saudi Arabia, either contract or in uniform, to service FMS agreements. This is a training as well as a maintenance and support function.

Senator Huddleston. The report then was not true, that we saw, that Saudi Arabia would be willing to construct several bases to meet our potential needs there?

Mr. Ransom. That report is to the best of my knowledge not true. There are large bases in Saudi Arabia at the present time and more under construction as part of their own military development for their own forces.

In the past, at different times, our forces have used those facilities. [Deleted.]

Senator Huddleston. We are not at the present time using them for storage or anything of that nature, are we? Of our own equipment?

Mr. Ransom. No, sir. We make ship visits to Saudi ports [deleted]. You probably will recall that in February and March two AWAC aircraft were deployed in Saudi Arabia; F–15's were deployed last year in Saudi Arabia. In that sense, there is occasional use made even now of Saudi facilities.

Senator Huddleston. Most of what we have talked about here today has been looking to the future and what we can accomplish by securing rights in these various bases and ports. Can we get a logistical analysis of what the situation would be now, this week, if we had to move a substantial force or even, say, a force of 25,000 troops and some light tanks into the Persian Gulf area and then what would happen if that number had to go to 100,000 troops?

Colonel, do you want to handle that?

Colonel Dearden. There are people working on this, but I cannot answer it.

Senator Huddleston. Where would the transports come from?

Mr. Ransom. I am not sure I can answer all the questions, including the last one, but I can give you some information that was previously used in testimony on this question.

The United States already has a substantial capability in the area available for rapid deployment. [Deleted.]

In the Air Force case, a wing could be operational with AWACS support in [deleted] time, with continued buildup possible.

Senator Huddleston. Where would that be operating from?

Mr. Ransom. [Deleted.]

General Goodall. If we can all help each other, Senator, we do have a substantial capability to receive forces in the area if we are talking about a crisis requiring our deployment there. In that case, I believe that we would arrive at a host nation agreement to allow us to vacate hotels and get people there, and begin to move equipment and so on.

Needless to say, the air bases in Oman are very fine bases; they could receive large numbers of cargo airplanes; they are close to a port. So, people could come in on airplanes and marry up with the equipment that arrived at the port, and so on.

I believe we would put a substantial force together there. It would be not a really smooth, preplanned kind of thing, but the capability to project forces exists today in that area, and I believe it could be done. Whenever our plans are fulfilled and we develop the capability that we have spoken of today, we will be able to project a very large force with not too much difficulty.

Senator HUDDLESTON. Gentleman, I believe those are all the questions I have today. There will be some others that will be submitted, with your indulgence.

I appreciate your attendance.

Mr. FLIAKAS. Thank you, Mr. Chairman.

Senator HART. Without objection I would like to enter into the record questions submitted by Senator Jackson.

QUESTIONS SUBMITTED BY SENATOR HENRY JACKSON

Senator JACKSON. What efforts are being made to discuss and acquire access to facilities in Egypt or Israel for the establishment of American bases in those countries? Isn't it true that there have been repeated expressions of interest in such discussions on the part of the Egyptians and Israelis? Are there studies currently underway in the Pentagon to establish possible locations for such bases and the visibility and military utility of their development? If so, how many such possible sites are there and where are they?

ANSWER. The USG is examining a range of access [deleted] options in the Indian Ocean area which would improve our ability to respond rapidly to possible contingencies with credible forces. In this context, and in response to access offers [deleted]. Such negotiations would not be conducted until the USG decides which facilities best serve our needs.

Senator JACKSON. In the case of those countries where we have received permission to make improvements to existing facilities such that those facilities would be suitable for use by American forces in the event of a crisis in the area, have we also received commitments or explicit assurances that facilities so improved would in fact be available for American use in time of need?

ANSWER. We are fully confident that the access agreements which we have negotiated provide for assured access to host nation facilities. [Deleted.]

Senator JACKSON. To what degree, if at all, did our discussions with the Kenyan, Omani, and Somali governments regarding U.S. access of facilities in those countries include discussions of use by other U.S. allies of those same facilities? In particular, was consideration given to their possible use by Egyptian, Moroccan or Israeli forces?

ANSWER. Our discussions with Kenya, Oman, and Somalia were [deleted].

[Whereupon, at 2:50 p.m. the hearing was adjourned, subject to the call of the Chair.]

MILITARY CONSTRUCTION AUTHORIZATION, FISCAL YEAR 1981

MONDAY, MARCH 24, 1980

U.S. SENATE,
SUBCOMMITTEE ON MILITARY CONSTRUCTION
AND STOCKPILES OF THE
COMMITTEE ON ARMED SERVICES,
SUBCOMMITTEE ON MILITARY CONSTRUCTION
OF THE COMMITTEE ON APPROPRIATIONS,
Washington, D.C.

ENERGY POLICY

The subcommittees met at 2:08 p.m., pursuant to notice, in room 1224, Dirksen Senate Office Building, Senator Gary Hart (chairman of the Armed Services Subcommittee on Military Construction) and Senator Walter D. Huddleston (chairman of the Appropriations Subcommittee on Military Construction) presiding.

Present: Senators Hart and Warner (Committee on Armed Services); and Senator Huddleston (Committee on Appropriations).

Present also: Senator Melcher.

Armed Services Committee staff: James C. Smith, Edward B. Kenney, and Ronald F. Lehman, professional staff members; and Marie Fabrizio Dickinson, clerical assistant.

Members' assistants present: Frank Krebs, assistant to Senator Cannon; Christopher Lehman, assistant to Senator Warner; Frank T. J. Bray, assistant to Senator Humphrey; and Tom Fagan, assistant to Senator Thurmond.

Members' assistants present: Lynn Wanlund, assistant to Senator Huddleston.

Present also: Wayne Mehl, assistant to Senator Melcher.

OPENING STATEMENT BY SENATOR HART PRESIDING

Senator HART. This joint hearing will come to order. Before we hear today's witnesses, I would like to make a few preliminary remarks on behalf of the authorization subcommittee. Since I chaired this subcommittee, my primary goal has been to get the Defense Department deeply involved in helping to solve the energy crisis. I have urged the Department to be bold in its initiatives. I have cajoled the Pentagon for not doing enough.

I want to preface what may seem to be criticisms in my remarks with my feeling, based on testimony and visits to the field, that the Defense Department is far and away the most responsive Department in the entire Federal Government in attacking the energy problem. What you have accomplished is truly impressive.

However, what remains to be done is staggering. Let me illustrate with a few examples.

SOLAR ENERGY

For 2 years we have written a requirement in law for you to look at solar systems and if they were cost effective to build them. We simply put in law what you should have done in the course of "good business."

This year the Army and the Navy have budgeted a total of 66 projects which include solar systems to some degree, not counting 2,500 units of family housing all of which have solar systems. Progress is being made, but the Air Force seems to have overlooked solar energy and we will get into the reasons during this hearing.

ELIMINATION OF OIL- AND GAS-FIRED BOILERS

In our report on the fiscal year 1978 bill we suggested some goals for DOD to get away from large oil- and gas-fired powerplants. Again, some progress has been made, but the bureaucratic inertia that resists all change is at work here as well. I know Senator Huddleston will want to explore this in greater depth.

My philosophy in pushing the Defense Department in the energy area transcends "good business" practices, and one should not downplay "good business" practices because many energy initiatives save money as well as precious oil and gas, but I look to the Defense Department to give new energy ideas a chance, to create a market which will bring down the costs and to increase the general public's awareness and knowledge about new concepts.

You cannot put a dollar figure on the benefit that will accrue to the American people from Defense energy initiatives but I feel that the potential benefits are great.

Again, it is a pleasure to work with Senator Huddleston and the Appropriations Subcommittee in helping to save the Department a lot of time as well as our two respective subcommittees. I am pleased to join him here once again today.

Senator **Huddleston**. Thank you, Senator Hart. This is an area that we have had a particular interest in as has been manifested and we want to continue to pursue that interest. I do not want to make any particular comment at this time other than to welcome our witnesses. I will be looking forward to their testimony. We will have some questions, of course, when they conclude.

Senator **Hart**. I believe our colleague, the Senator from Montana, Senator Melcher, has a comment on one of the facilities that is of importance and interest to him.

STATEMENT OF HON. JOHN MELCHER, A U.S. SENATOR FROM THE STATE OF MONTANA

Senator **Melcher**. Thank you, Senator Hart.

Mr. Chairman, I am here today to urge that you accelerate the authorization of the planned project at Malmstrom Air Force Base in Great Falls, Mont., to convert the base heating system from natural gas to coal. Conversion from gas to oil heat to coal is a priority item in our national energy program as evidenced by President Carter's statements and by the statement of purpose in the Powerplant and Industrial Fuel Use Act of 1978:

> * * * the protection of public health and welfare, the preservation of national security, and the regulation of interstate commerce require the establishment of a program for the expanded use * * * of coal and other alternative fuels as primary energy sources for existing and new * * * major fuel-burning installations.

This is a clear affirmation of the Federal Government's ongoing policy of converting to coal, first defined during the energy crisis of 1974.

The Montana congressional delegation recently urged the Secretary of the Air Force to move ahead with this program by including in the fiscal year 1981 budget the conversion of the old, expensive, decentralized, gas-fired heating system at Malmstrom to a new central, coal-fired plant, currently estimated to cost $35 million. The design of this project is essentially complete and the only thing that stands in the way of moving ahead with it is the authorization and appropriation of necessary funds.

There are several good reasons to support including this project in the fiscal 1981 budget. The 70 to 80 small gas-fired plants that now service the base were built as far back as the early 1940's are rapidly deteriorating and require frequent repair to keep them operating. This is costing base maintenance funds and manpower capabilities.

One example might help to point out the problems the base engineers are facing at Malmstrom. One of the largest of the base's gas-fired heating plants, which serves four hangars, the commissary and other buildings, was built about 1940 as a coal-fired heating plant. Later it was converted to use natural gas and has undergone several rehabilitations.

However, today this plant is in extremely bad condition. Recent inspections have shown that not only the boiler needs replacement but the brick foundation and retaining walls have shifted, causing a dangerous situation. Simple repairs are no longer sufficient to insure the safe operation of this plant and a major reconstruction is required.

Similar problems are showing up in the base's other heating plants. Also, the base's heating system's miles of gaslines are rapidly deteriorating as well as requiring increased maintenance or replacement over the next few years.

Natural gas prices are escalating. Gas that was selling at $1.35/mcf in 1976 is now selling for $3.21/mcf and is expected to continue to rise. The cost ratio of coal to gas right now is $1.21 per million Btu for coal compared to $3.21 per million Btu for gas.

At these costs, annual energy dollar savings for Malmstrom Air Force Base from switching to coal would be $1,720,000. This does not include the maintenance and repaid costs of the old gas system and I cannot estimate what those costs are.

The Secretary of the Air Force informed me last January that he is still reviewing the proposed $1 billion Air Force military construction program to convert oil and gas plants to coal and that no final decisions had yet been made. I think we need to move forward with this program and to give particular attention to situations like we face at Malmstrom, where high maintenance and energy costs can be clearly cut by conversion.

Mr. Chairman, it makes good sense, in the face of our national energy goals of converting from oil and gas to coal.

I applaud your joint efforts to get the Defense Department moving in this area and I urge you to take a hard look at the Malmstrom project; it is ready to go this year.

I wonder, Mr. Chairman, if I could ask the Air Force representative a couple of questions.

Senator **Huddleston**. Yes; go ahead.

Senator **Melcher**. Am I right, General Wright, you are representing the Air Force here this afternoon?

General **Wright**. Yes; I am.

Senator **Melcher**. Is this Malmstrom project now in your fiscal 1982 program?

General **Wright**. Yes; it is in our 1982 program.

Senator **Melcher**. Did you try to get this project in your fiscal year 1981 budget only to have it turned down by the Department of Defense?

General **Wright**. It simply was an expensive project that would not fit in the Air Force headroom in 1981, sir. It is in our 1982 submission as our No. 1 priority project in the coal conversion program.

Senator **Melcher**. General, did the Air Force try to get it in the fiscal 1981 budget and was it turned down by the Department of Defense?

General **Wright**. Sir; I will get that answer for the record. I do not know if it was turned down by DOD or if it came out of the Air Force program.

Senator **Melcher**. The Montana congressional delegation's information is that indeed it was requested for fiscal year 1981 by the Air Force and it was turned down. Whether the Department of Defense turned it down, the Bureau of the Budget, or White House, I do not know. That specifically is my question.

General **Wright**. I do not have the answer to that, sir. I will provide it for the record.

Senator **Melcher**. Thank you very much, General.

[The information follows:]

MALMSTROM AFB—COAL CONVERSION PROJECT

Yes Sir, the Air Force did submit the project to OSD during the fiscal year 1981 budget cycle. Because of the high cost of the project and its place in relative priority of other projects submitted to OSD, it was not included in the Air Force Military Construction Program.

Senator **Melcher**. Thank you very much.

Senator **Huddleston**. Mr. Marienthal, you may present your testimony.

STATEMENT OF GEORGE MARIENTHAL, DEPUTY ASSISTANT SECRETARY OF DEFENSE FOR ENERGY, ENVIRONMENT AND SAFETY

Mr. **Marienthal**. We do appreciate the joint hearing and an opportunity to present the overview of the Department of Defense energy program. I have a formal statement I would like to have inserted in the record. I also have a viewgraph and slide presentation which should capture the highlights thereof and save us some time this afternoon.

Senator HUDDLESTON. Without objection, the prepared statement will be inserted in the record.

PREPARED STATEMENT OF GEORGE MARIENTHAL, DEPUTY ASSISTANT SECRETARY OF DEFENSE (ENERGY, ENVIRONMENT, AND SAFETY)

Mr. Chairmen and members of the Subcommittees, thank you for this opportunity to present an overview of the Department of Defense energy program. I am George Marienthal, Deputy Assistant Secretary of Defense for Energy, Environment, and Safety. Mr. Mortimer Marshall, Director for Construction Standards and Design, Office of the Deputy Assistant Secretary of Defense for Installations and Housing, Major General William E. Read, Assistant Chief of Engineers, Department of the Army, Rear Admiral D. G. Iselin, Commander, Naval Facilities Engineering Command, Department of the Navy, and Brigadier General Clifton D. Wright, Deputy Director, Air Force Engineering and Services, Department of the Air Force, accompany me to help answer any questions that you may have.

I am responsible for developing energy, environment, and safety policy in the Department of Defense. Our fiscal year 1981 energy, environment, and safety related military construction program request totals approximately $416 million. I trust you will find in your examinations that our requests are essential. They reflect national energy priorities, our commitment to a cleaner environment, and increased emphasis on worker safety and health. As you have requested, today I will address only the energy portion of defense programs.

By way of overview, this afternoon I will describe Department of Defense energy policy, energy requirements, and energy goals and programs.

DEFENSE ENERGY POLICY

Energy and national defense are inextricably linked. The mission of the Department of Defense is clearly to be prepared to defend successfully the country against foreign aggression. Combat readiness requires prodigious amounts of energy. Our most basic policy in Defense energy, therefore, is to ensure a supply of energy sufficient to meet essential training requirements in peacetime and sustainability requirements in wartime.

Energy conservation is a significant part of our effort to insure defense energy supply. We realize that the cheapest, most immediately available energy is that which we already have, but have avoided expending through increased efficiency and more stringent controls.

An equally significant element of defense energy policy is to demonstrate the application and practicality of a wide variety of energy conversion technologies to help reduce the Defense Department's reliance on scarce fuel sources. Our energy technology initiatives include developing a capability to use synthetic mobility fuels in weapon systems, as well as demonstrating the use of solar, fossil, renewable, and geothermal energy sources in fixed facilities.

Defense energy policy, therefore, covers three distinct, but interrelated areas: energy supply, energy conservation, and energy technology. Through an aggressive energy related military construction program, the Department of Defense will achieve its energy goals and, ultimately, enhance national security.

DEFENSE ENERGY REQUIREMENTS

The Department of Defense is the largest single energy user in the nation. We account for nearly two percent of the total national energy use and approximately 2.5 percent of the United States petroleum demand. In the federal government, the DoD uses 80 percent of all federal energy. This past fiscal year, fiscal year 1979, we used nearly 247 million barrels of oil equivalent at a cost of more than four billion dollars.

Our installations generally require about 39 percent of our total energy consumption. Defense installations' energy requirements are: 50 percent electricity; 23 percent heating oil; 19 percent natural gas and propane; 7 percent coal; and 1 percent purchased steam and hot water.

Eleven percent of our petroleum consumption is heating oil for these installations. The remaining 89 percent of our petroleum consumption is mobility fuel for aircraft, ships, and ground vehicles.

DEFENSE ENERGY GOALS AND PROGRAMS

To assure adequate energy supplies are available to meet Department of Defense energy requirements for mobility operations and installation support, we have established energy goals and programs designed to achieve them.

These energy goals are divided into broad categories, supply and conservation, with energy technology efforts playing an important role in each.

Supply

Our primary mobility energy supply goal is to assure adequate liquid hydrocarbon fuel supply to the armed forces. We have experienced serious fuel procurement shortfalls over the past 18 months. Due to these shortfalls, defense fuel inventories have been reduced at times as much as 12 million barrels below October, 1978, levels.

We have initiated a number of actions to respond to these shortfalls, including:

A drawdown of peacetime operating stocks, and in the case of some fuels in some theatres penetration of war reserve stocks, This action has been necessary to maintain operational readiness, but it reduces our wartime sustainability.

Jawboning with key oil company executives. In response to Secretary Brown's request at a December, 1979, meeting with oil company executives and subsequent discussions, industry has offered about 15 million barrels of additional product to DoD for delivery throughout 1980. Our inventory position and our projected contract coverage of future requirements are both moving in the right direction.

Improvement of our petroleum contracting procedures to minimize impediments to government contracting. In January, 1980, we issued revised solicitations which contained only 50 percent of the clauses in earlier solicitations. We are continuing to develop further contract improvements.

Negotiation with the Departments of Energy and the Interior for the release of Naval Petroleum Reserve oil and royalty oil to refiners who will support DoD petroleum requirements.

Publication of implementing regulations for the allocation of petroleum products under the Defense Production Act of 1950, as amended.

In addition to the management and regulatory efforts outlined above, we have an aggressive mobility energy technology program. Examples of these technology efforts include:

Increased use of electric vehicles under the Federal Electric Vehicle Demonstration Program.

Use of gasohol at military bases.

Development of specifications and testing methods to use a larger slate of mobility fuels in weapon systems.

Testing of shale-derived synthetic fuels in aircraft, ships, and ground vehicles; and

Development of multi-fuel engines for weapon systems.

Our installation energy supply goals are to:

Obtain 10 percent of installation energy in 1985 from more abundant and renewable solid fuels such as coal, solid waste, or biomass;

Obtain one percent of installation energy in 1985 from solar, wind, and geothermal energy sources; and

Equip all natural gas only heating plants over five million Btu per hour, with an alternate fuel capability not later than 1983.

Examples of installation energy supply programs that involve energy technology efforts, include:

Construction of a fluidized bed boiler at the Great Lakes Naval Training Center, Illinois;

Construction of a wood-fired central heating plant at Fort Stewart, Georgia;

Use of wood pellets, sawdust, and chips at Fort McCoy, Wisconsin;

Use of refuse derived fuel in a boiler at Wright-Patterson AFB and the Pentagon.

Use of waste oil and contaminated fuels in heating plants at Guantanamo Bay Naval Base and the China Lake Naval Weapons Center;

Installation of solar systems in new military family housing and other facilities under the military construction program and under the Solar in Federal Buildings Demonstration Program;

Design, construction, and operation of photovoltaic systems under the Federal Photovoltaics Utilization Program and other programs, including a 60 kilowatt power system at Mt. Laguna AFS, California, and a 1,600 watt stand-alone power supply at White Sands Missile Range, New Mexico;

Operation of a 15 kilowatt wind energy conversion system at F. E. Warren AFB, Wyoming, and a one kilowatt vertical axis wind turbine at the Air Force Academy; and

Development of a large geothermal resource to produce electricity at the China Lake Naval Weapons Center.

At this point, Mr. Chairmen, I want to explain further our initiatives in the use of coal and solar energy because of your interests in these alternative energy sources. As I indicated, a key goal of our energy program is to reduce as much as practicable the 11 percent of total defense petroleum consumption that is used for installation heating. Two means to achieve that objective are the direct conversion of some military installation oil burning plants to coal and the increased use of solar energy for heating, cooling, and electric power.

Coal

The United States has more energy available in coal than in petroleum, natural gas, oil shale, and tar sands combined. Nationwide energy shortages, together with the availability of abundant coal reserves, makes the use of coal for heating, as well as power generation and synthetics fuels, vital to the nation's total energy supply. There are over 800 military installations in the continental United States, and these have roughly 8,000 boiler plants. Forty-two installations have some boiler plants that burn coal.

A total conversion to coal at our 800 installations would cost in excess of $3 billion. If a conversion program were to be conducted over a several year period, inflation would certainly increase this estimate. Budget constraints simply preclude a mass conversion program of this order of magnitude. In 1980, DoD is converting or replacing six oil burning and natural gas fired plants with coal burning plants, however. We have also surveyed opportunities for conversion of DoD heating plants from oil or natural gas to coal and other solid fuels, such as refuse derived fuel and wood. The results of the preliminary survey of the conversion candidates indicate that we have 93 facilities which have some potential for ultimate conversion to coal. The total conversion cost exceeds $1.3 billion. We have four projects, Fairchild Air Force Base, Naval Amphibious Base Little Creek, Fort Stewart, and Redstone Arsenal in the FY 1981, military construction program. They represent a total request of $36.2 million.

For some of our planned conversions, we are studying opportunities for the military departments to obtain temporary air quality control variances from state environmental offices to burn coal. This strategy will be used at installations which require minimal modification to burn coal temporarily without additional, long lead time, costly pollution control equipment. One such installation is the Quantico Marine Corps Development Education Center, Virginia.

Under a separate program, we have been working with the Department of Energy in a jointly sponsored program to demonstrate new technologies for using coal at military installations. Examples of the projects we are considering include:

Fluidized bed boilers in which coal is burned in a mixture of air and limestone, resulting in the generation of steam. Fluidized bed combustion has the potential to burn coal more efficiently and economically than conventional coal fired boilers with pollution control equipment. As I mentioned earlier, fluidized bed boiler is being installed at the Great Lakes Naval Training Center in Illinois.

Gas turbines using low Btu gas produced from coal.

Lignite fired boilers.

Solar Energy

Regarding solar energy, the Department of Defense has actively pursued the solar option under our military construction program and in federal programs that the Department of Energy manages. We currently have 161 solar energy projects, totaling $59 million, in various stages of operation, construction, or design. Thirty-four of these are operational projects that were the result of our early efforts to utilize solar systems prior to the passage of Public Law 95–356. As the author of this legislation, Mr. Chairman, you are aware that it requires DoD to use solar energy systems in new military family housing and other facilities when it is found to be cost-effective. Prior to the passage of this legislation, we had not budgeted for the inclusion of solar energy systems in our construction projects. Use of the solar option was dependent on good bids on the basic facility in order to have sufficient funds to accomplish its installation. The fiscal year 1981 program is the first opportunity we have had to budget for solar systems in our military construction programs. This program has identified 30 projects in the Department of Army and 36 projects in the Department of Navy which meet the cost effectiveness definition contained in Public Law 96–175. The 66 Army and Navy projects are estimated to cost about $12.8 million dollars. The Department of Air Force did not budget for solar energy in the fiscal year 1981 request because their studies had not reached a point where reliable cost could be established. They have identified approximately 40 candidate projects, however.

In addition, we have submitted 51 proposals to the Department of Energy, under the Solar in Federal Buildings Program. The purpose of this program is to assist us in rapidly introducing solar heating and cooling systems in defense facilities, to accelerate the commercialization of solar technology through federal demonstration, and to provide the federal government with reliability and maintainability data on solar systems. Our proposed projects total $10.6 million for passive and active solar space heating, cooling, and hot water application in a variety of facilities, including administrative centers, dormitories, family housing, shopping centers, and launderettes.

We are also active in the Department of Energy's Federal Photovoltaic Utilization Program (FPUP). The DOD has received $2.8 million through FY 1979, to design, construct, and install approximately 230 solar cell power systems at defense installations. Applications included environmental sensors, navigational aids, aviation aids, telecommunications, and intrusion detectors. Under the most recent FPUP proposal solicitation, we were awarded $1.9 million for photovoltaic systems for a control tower, an operations post, an observation post, and a residential power system, as well as four studies which will evaluate more photovoltaic military applications. We are now preparing new proposals for the next cycle of FPUP. These proposals will be directed toward the intermediate electric power grid connected market, including: barracks, manufacturing facilities, hospitals, PX's, office complexes, and schools.

Conservation

Our mobility energy conservation goal is to maintain zero energy growth. We plan to limit operational energy consumption to the 1975 consumption level through 1985. This goal provides our commanders an incentive to improve their efficiency. As fuel consumed per training hour decreases, additional training can be provided, thus, increasing the proficiency of our forces.

Examples of mobility energy conservation programs that involve energy technology efforts include:

Improved design and use of light weight, high strength materials to enhance energy efficiency in weapon systems;

Development of improved coatings for aircraft and ships to reduce turbulence and drag;

Development of more efficient propulsion systems for aircraft, ships, and ground vehicles;

Use of a specially designed hull cleaning machine to clean Navy ships while waterborne, rather than only during periodic drydocking. Last year 150 ships were cleaned and 250 are scheduled for cleaning this year. Documented sea trials show that a 7.5 percent improvement in overall consumption efficiency can be achieved if hulls, stationed in temperate waters, are cleaned in this manner every 6 to 10 months.

Application of thrust management that promotes wider use of reduced engine power in the operation of aircraft, specifically during take-off and climb; and

Expansion of the use of training simulators, for which $1.5 billion has been programmed since fiscal year 1975.

Our ten-year installation energy conservation goals are to:

Reduce energy consumption 20 percent in existing buildings in 1985, as compared to 1975, and

Reduce energy consumption 45 percent in new buildings in 1985, from the levels which existed in 1975.

To achieve the 20 percent goal, we determined that 8 percent of the 20 percent could be achieved using management actions, namely, eliminating energy waste through personnel actions. This includes the simple conservation practices of turning back thermostats, keeping doors closed, extinguishing electric lights when not in immediate use, etc. The remaining 12 percent would be achieved through funded projects which save energy. Our current judgment is that new construction plans and methods will permit the 45 percent goal in new buildings.

In April, 1979, the President ordered a large, one-year federal energy reduction to reduce the upward pressure on world oil prices. The goal was a 5 percent overall reduction, which included a 10 percent reduction in automotive fuels. Since the object of this program was to restrict oil imports, credit was allowed for fuel switching from oil to gas or coal. As a result of stringent discipline and the commitments of thousands of field commanders, the Department of Defense exceeded the President's goal for the first three quarters (the period ending December 31, 1979). Our January motor gasoline figures were even better, so we anticipate that Defense will achieve the 5 percent reduction for the entire year.

Examples of installation energy conservation programs, include:

The energy conservation investment program (ECIP), the principal military construction funded program for retrofit of existing facilities. The ECIP is designed to accomplish quick payback, self-amortizing energy projects. Cost effective projects are programed in priority sequence each fiscal year, ranked by projected energy savings per dollar invested. Funds are programed to achieve an estimated 12 percent reduction in 1985 facilities' energy consumption below 1975 levels. This 12 percent reduction, coupled with energy savings which result from no cost programs and conservation projects that are funded in other appropriation accounts, will permit DOD to meet its energy conservation goals.

The energy conservation and management program (ECAM) is analogous to the ECIP program. It is funded primarily in the procurement and R&D appropriations for the retrofit of government-owned, contractor-operated (GOCO) industrial facilities. It includes the same logic and criteria for project selection as the ECIP.

The energy engineering and analysis program (EEAP) identifies the most effective conservation measures on an installation, to include retrofit projects for ECIP and ECAM.

These programs have resulted in thousands of energy saving, technology-oriented projects, including: Energy management and control systems; building retrofitting with insulation, storm windows and doors, and weatherstripping; more efficient lighting systems; heating, ventillating, and air-conditioning system improvements; solar screening; use of waste heat recovery boilers and incinerators at Norfolk, Virginia and Mayport Naval Air Station, Florida; and use of cogeneration at three Naval bases in San Diego, California.

While the initial progress achieved was moderate, we are beginning to see the results in DOD of both time and financial resources which were invested in the early years of these programs. In fiscal year 1979, our installations consumed five percent less energy than in fiscal year 1975 and about 2.4 percent less than in fiscal year 1978.

The 1981 energy conservation investment program consists of 314 projects which have an average simple payback of 5.1 years, based on an average price of $20 per barrel of oil equivalent. Obviously, the payback period will be much faster given the dramatic fuel price increases in recent months. The ECIP package includes a number of weatherization projects, lighting improvements, boiler modifications, energy monitoring and control systems, and other energy saving projects. Upon completion, these projects should save the equivalent of 2.17 million barrels of oil and $43.7 million annually. Again, with the price of oil escalating, our yearly savings will be much higher.

As indicated in the following table, our fiscal year 1981 ECIP request is nearly double the amount approved for fiscal year 1980, as well as for previous years.

ENERGY CONSERVATION INVESTMENT PROGRAM

[In thousands on dollars, fiscal years]

	1976	1977	77S	1978	1979	1980	1981	Total
Army	30,400	50,300	9,792	15,567	52,697	44,970	71,720	275,446
Navy	28,828	42,466	10,070	26,139	42,940	46,700	53,000	250,143
Air Force	43,952	27,480	2,261	31,560	35,026	32,160	45,160	217,599
Defense agencies	175	1,902	----------	----------	3,954	0	1,480	7,511
Family housing	23,200	25,890	1,285	3,220	8,532	0	46,969	109,096
Guard/Reserve	3,800	2,904	----------	3,400	4,000	0	3,000	17,104
Total	130,355	150,942	23,408	79,886	147,149	128,830	221,329	876,899

Escalating oil prices have motivated us to forward our most attractive energy saving projects as early as possible so that maximum monetary, as well as energy conservation, benefits can be achieved. While the Department of Defense has made steady progress towards both energy supply and conservation goals, our efforts will continue to accelerate in the next five years.

In conclusion, the Department of Defense has an aggressive energy program which is responsive to our energy needs. I want to thank you again for this opportunity to present an overview of our energy related military construction program. This program is vital to DoD and the nation. We solicit, therefore, your support for our fiscal year 1981 budget submission.

This concludes my presentation. Now, we would be happy to answer any of your questions.

Mr. MARIENTHAL. The fiscal year 1981 defense energy program emphasizes those mobility and facility requirements that are the most necessary to maintain a high degree of readiness.

I trust you will find in your examinations that our fiscal year 1981 energy-related military construction program requests are essential and that our energy program is well balanced.

With your approval, I will first address the overall Defense energy program plan and then I will review the status of major initiatives. In order to highlight the various elements of this presentation, I have provided you with hard copies of viewgraphs that I will use in delivering my statement.

By way of overview, this afternoon I will describe Department of Defense energy policy, energy requirements, and energy goals and programs to achieve them. Following that I will address the status of Department of Defense-Department of Energy joint energy technology initiatives and conclusions as to the thrust of the Defense energy program.

Defense energy policy covers three distinct but interrelated areas: energy supply, energy conservation, and energy technology.

Military readiness requires prodigious amounts of energy. Our most basic policy, therefore, is to insure a supply of energy sufficient to meet essential training requirements in peacetime and sustainability requirements in wartime. That is our No. 1 priority.

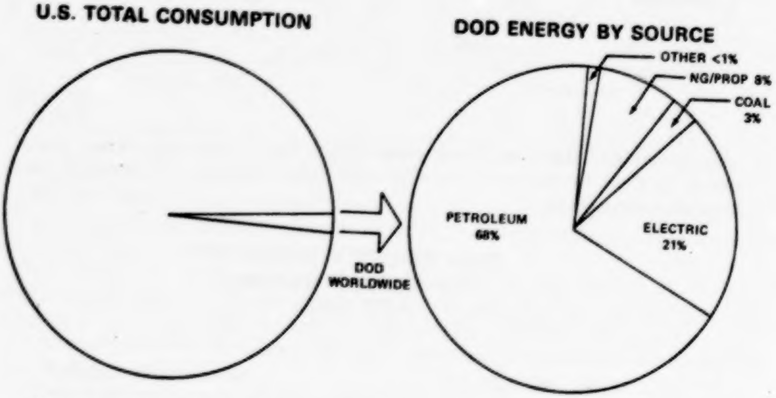
Energy conservation is also a significant part of our effort to insure defense energy supply. We realize that the cheapest, most immediately available energy is that which we already have but have avoided expending through increased efficiency or more stringent controls.

An equally significant element of defense energy policy is to demonstrate the application and practicality of a wide variety of energy conversion technologies to help reduce the Defense Department's reliance on scarce fuel sources. Our energy technology initiatives include developing a capability to use synthetic mobility fuels in weapon systems, as well as demonstrating the use of solar, fossil, renewable, and geothermal energy sources in fixed facilities.

ENERGY CONSUMPTION

The Department of Defense is the largest, single energy user in the Nation. We account for nearly 2 percent of the total national energy use and approximately 2.5 percent of the U.S. petroleum demand. In the Federal Government, the DOD uses 80 percent of all Federal energy.

ENERGY CONSUMPTION
FY 1978

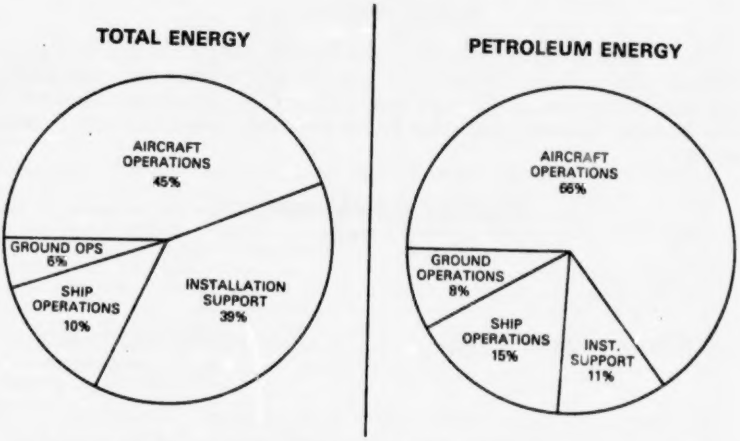


You can see on the viewgraph how that energy breaks down by source, be it petroleum, electric, natural gas, coal, and the like.

Eleven percent of our petroleum consumption is heating oil for our installations. The lion's share of our petroleum consumption is for mobility fuels used in aircraft, ships, and ground vehicles. A full 39 percent of our total energy consumption is for installation support, however.

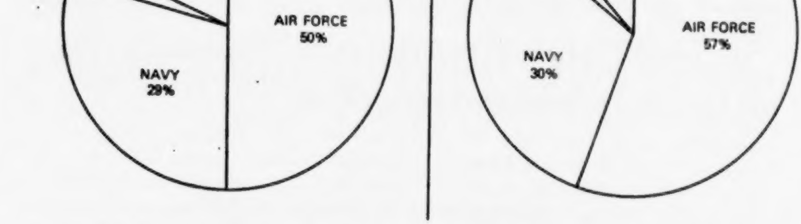
Our installations' energy requirements are: 50 percent electricity, 23 percent heating oil, 19 percent natural gas and propane, 7 percent coal and 1 percent purchased steam and hot water.

DoD ENERGY CONSUMPTION
(By Operational Function)
FY 1978



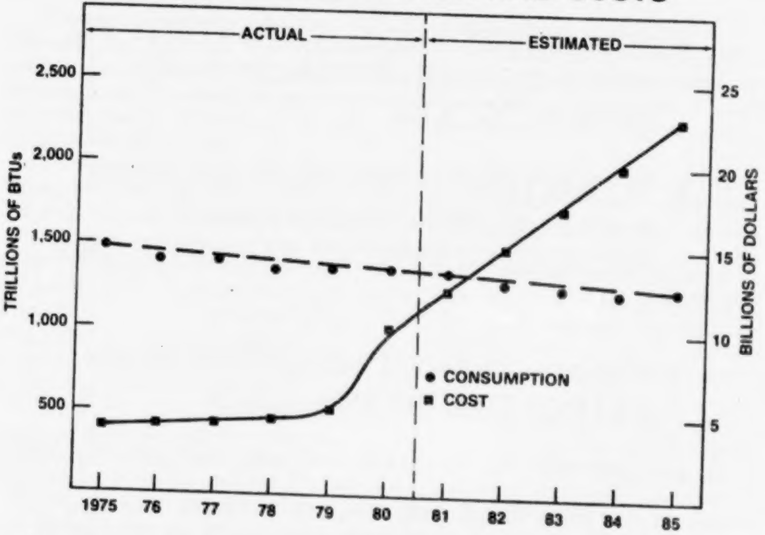
An important item on this viewgraph is the 11 percent of our petroleum that goes to support installations. The balance, 89 percent, goes for mobile equipment.

DoD ENERGY DEMAND
(By Military Service)
FY 1978



Roughly, one-half of our energy use is electricity. You may also see in this viewgraph that aircraft installations and the U.S. Air Force are the largest consumers of defense energy, accounting for nearly 50 percent of our total energy usage. In fiscal 1979 we used 247 million barrels oil equivalent at a cost of more than $4 billion, as shown in viewgraph 4.

DEPARTMENT OF DEFENSE ENERGY CONSUMPTION AND COSTS



As our energy use declines slightly, which you can see from the left to your right on that viewgraph, its costs multiply significantly, as you can see from the line going up.

In fiscal year 1980, we expect to spend $10 billion for all of our energy requirements. Those are not hard numbers, Mr. Chairman, but they are our best guess rather than an administration position on what those costs will be. We have done a preliminary analysis of what we think the costs will be.

That concludes a brief introduction of our Defense energy requirements. I would now like to shift into energy supply.

To assure adequate energy supplies are available to meet Department of Defense energy requirements for mobility operations and installation support, we have established energy goals and programs designed to achieve them. I will talk first about mobility energy goals and then shift to installation energy goals.

Our primary mobility energy supply goal is to assure adequate liquid hydrocarbon fuel supply to the Armed Forces. We have experienced serious fuel procurement shortfalls over the past 18 months. Due to those shortfalls, Defense fuel inventories have been reduced at times as much as 12 million barrels below the October 1978 levels.

- MOBILITY ENERGY SUPPLY GOALS
  - DEVISE, WITH DOE, A STRATEGY TO MINIMIZE DISRUPTION OF FUEL SUPPLY TO DOD.
  - DO R&D ON PROPULSION SYSTEMS AND FUEL SPECIFICATIONS TO BROADEN RANGE OF FUELS WE CAN USE
  - PLAN FOR THE TRANSITION FROM PETROLEUM TO SYNFUELS

The goals shown on this viewgraph cover both short-term and long-term goals. We have initiated a number of actions to respond to the petroleum shortfalls that I mentioned, including the ones shown on viewgraph 6. Those are all short-term actions that we have taken to alleviate the shortfall situation, including a drawdown of peacetime operating stocks, thereby reducing our sustainability in the event we had to go to war.

DEFENSE FUEL SUPPLY ALTERNATIVES

- DRAW DOWN POL STOCKS/IMPAIR SUSTAINABILITY
- JAWBONE
- INNOVATE CONTRACTING PROCESS
- SEEK RELEASE OF NPR AND ROYALTY OIL
- INVOKE EPAA AND DPA
- REDUCE CONSUMPTION/IMPAIR READINESS

There also has been jawboning with oil industry executives in an attempt to increase their response to our needs. We have improved our petroleum contracting procedures to minimize impediments to doing business in today's petroleum marketplace and, of course, we have been negotiating with the Departments of Energy and the Interior in an attempt to use naval petroleum reserve stocks and royalty oil stocks to alleviate our supply problems.

We have also been working with the Department of Energy on implementing regulations for the allocation of petroleum products either under the Defense Production Act or the Emergency Petroleum Allocation Act. Although always open to us, we have not chosen the last two alternatives listed on viewgraph 6 because of their fundamentally destabilizing nature.

If I may shift from the short-term to the long-term goals, we have an aggressive mobility energy technology program. Examples of those efforts, which will make the Defense Department a prepared customer for synthetic fuels, include use of gasohol at military bases, development of specifications and testing methods to use a larger slate of mobility fuels in weapons systems, testing of shale derived synthetic fuels in aircraft, ships, and ground vehicles, development of multifuel engines for weapon systems, and identification of any unique logistical requirements that synthetic fuels will impose on the defense petroleum logistics system.

In addition, in the mobility energy technology area, we are increasing our use of electric vehicles under the Federal electric vehicle demonstration program fully in cooperation with the Department of Energy.

Turning now to our installation energy supply goals, we will obtain 10 percent of installation energy in 1985 from more abundant and renewable solid fuels such as coal, solid waste, or biomass and obtain 1 percent of installation energy in 1985 from solar, wind, and geothermal energy sources.

INSTALLATION ENERGY SUPPLY/ TECHNOLOGY DEMONSTRATION PROGRAMS

- FLUIDIZED BED BOILER – GREAT LAKES NTC, IL
- WOOD FIRED HEATING PLANT – FORT STEWART, GA
- RDF – WRIGHT PATTERSON AFB, OH
  – PENTAGON, WASHINGTON, D.C.
- PHOTOVOLTAICS – MT. LAGUNA AFS, CA
- WIND – F.E. WARREN AFB, WY
- GEOTHERMAL – CHINA LAKE NWC, CA

Examples of the installation energy supply programs that involve energy technology efforts include the items shown on viewgraph 7 ranging from fluidized boilers, wood-fired central heating plants, photovoltaics, wind, and geothermal. I will dwell further on each of these technology initiatives later, particularly fossil fuel and solar energy initiatives in which I know both chairmen have deep interest.

Let me now shift away from supply into energy conservation.

Our mobility energy conservation goal is to maintain zero energy growth. In other words, we plan to limit operational energy consumption to the 1975 consumption level through 1985. That is a most important goal for us. That goal provides our commanders an incentive to improve their efficiency.

As the fuel consumed per training hour decreases, additional training can be provided, thus increasing the proficiency of our forces.

MOBILITY ENERGY CONSERVATION PROGRAMS

Examples of mobility energy conservation programs that involve energy technology efforts include:

Improved design and use of lightweight, high strength materials to enhance energy efficiency in weapons systems.

Development of improved coatings for aircraft and ships to reduce turbulence and drag.

Development of more efficient propulsion systems for aircraft, ships, and ground vehicles.

Use of specially designed hull cleaning machines to clean Navy ships while waterborne rather than only during drydocking. We have saved a significant amount of energy through the use of that machinery over the past year.

The application of thrust management techniques which promotes the wider use of reduced engine power in the operation of aircraft specifically during takeoff and climb.

Expansion of the use of training simulators for which we have spent about $1.5 billion since fiscal year 1975.

That describes our actions regarding our mobility conservation programs. I will now shift to our installation energy conservation program where our 10-year installation energy conservation goals are to achieve a 20-percent reduction in energy use in existing buildings by 1985 and to reduce energy consumption 45 percent in new buildings by 1985, both from the levels that we had in 1975.

To achieve that 20-percent goal we determined that 8 percent of the 20 percent could be achieved using management actions. This involves eleminating energy waste through personnel actions which would include simple conservation such as turning back the thermostats, keeping doors closed, extinguishing electric lights, and so forth. The remaining 12 percent would be achieved through funded projects which would save energy.

Our current judgment is that the new construction plans and methods will permit the 45-percent goal in new buildings.

For the 12-percent funded portion of our energy conservation program, we have three major installation energy conservation programs which include the energy conservation investment program (ECIP) and the energy conservation and management program (ECAMP) and the energy engineering and analysis program (EEAP).

Some examples of Department of Defense energy conservation investment programs range from energy monitoring and control systems through weather stripping, installation of storm doors, solar screening, and the like.

While the initial progress achieved was moderate, we are beginning to see the results in the Department of Defense of both time and financial resources which were invested in the early years of these programs. In fiscal year 1979, our installations consumed 5 percent less energy than in fiscal year 1975 and about 2.4 percent less than in fiscal year 1978.

For fiscal year 1981, our energy conservation investment program consists of 314 projects which have an average simple payback of 5.1 years based on an average price of $20 per barrel of oil equivalent. Obviously, the payback period will be much faster, given the dramatic fuel price increases in recent months.

The ECIP package includes weatherization projects, boiler modification, energy monitoring and control systems and other energy saving projects. Upon completion, those projects should save the equivalent of 2.17 million barrels of oil and $43.7 million annually. Again, with the price of oil escalating, our yearly savings should be higher.

I now would like to report to the subcommittees an in-depth status of major Defense energy technology initiatives being pursued in support of mobility and facility energy supply and conservation goals.

Those include projects concerning oil shale, solar energy, solid fuel conversions, geothermal energy, and energy conservation showcases.

OIL SHALE

Regarding the first project, oil shale, we have an aggressive mobility fuel technology program in which we are testing shale-derived synthetic fuels in our mobile platforms. We are currently negotiating with the Department of Energy concerning the availability and cost of 200,000 barrels of refined shale oil in the 1980–83 time frame for our shale-derived fuel test and evaluation program.

We have reached a milestone, however, in our cooperative effort with the Department of Energy. A cooperative agreement has been signed to transfer 42,000 barrels of crude shale oil from the Department of Energy to the Department of Defense for test purposes. If those tests are successful, the Department of Defense will be ready to utilize shale-derived fuels in mobile weapon systems in the mid- to late-eighties.

SOLAR ENERGY

Leaving oil shale and turning to solar energy, the Department of Defense has actively pursued the solar option under our military construction program and in Federal programs that the Department of Energy manages. We currently have 161 solar energy projects totaling $59 million in various stages of operation, construction or design.

Of those projects 34 are operational and were the result of our early efforts to utilize solar systems prior to the passage of Public Law 95–356. The legislation requires Defense to use solar energy systems in new military housing and other facilities when it is found to be cost effective. Prior to the passage of this legislation, we had not budgeted for the inclusion of solar energy systems in our construction projects.

Use of the solar option was dependent upon good bids on the basic facility in order to have sufficient funds to accomplish its installation.

The fiscal 1981 program is the first opportunity we have had to budget for solar systems in our military construction programs. Two solar projects that we completed were Fort Hood, and Fort Polk.

Senator **WARNER**. What was the second one?

Mr. **MARIENTHAL**. Fort Polk.

The program that we have budgeted for in fiscal year 1981 has identified 30 projects in the Department of the Army and 36 projects in the Department of the Navy which meet the cost-effectiveness definition contained in Public Law 96–125. The 66 Army and Navy projects are estimated to cost about $12.8 million.

The Department of the Air Force did not budget for solar energy in the fiscal year 1981 request because their studies had not reached a point where reliable cost estimates could be established.

In addition, we have submitted 51 proposals to the Department of Energy under the solar Federal buildings program. The purpose of that program is to assist us in rapidly introducing solar heating and cooling systems in Defense facilities, to accelerate the commercialization of solar technology through Federal demonstration, and to provide the Federal Government with reliability and maintainability data on solar systems.

Our proposed projects total $10.6 million for passive and active solar space heating, cooling, and hot water applications in a variety of facilities including administrative centers, dormitories, family housing, shopping centers, and laundries.

I will now shift from the conventional form of solar energy into photovoltaics. We are also active in the Department of Energy's Federal photovoltaic utilization program (FPUP). The Department of Defense received $2.8 million through fiscal 1979 to design, construct, and install approximately 230 solar cell power systems at Defense installations.

Applications include such things as environmental sensors, navigation aids, communcations aids, telecommunications, and intrusion detectors.

Under the most recent FPUP proposal solicitation, we were awarded $1.9 million for photovoltaic systems for a control tower, an operations post, an observation post, and a residential power system, as well as four studies which will evaluate more photovoltaic military applications.

We are now preparing new proposals for the next cycle of FPUP. Those proposals will be directed toward the intermediate power-grid-connected market, including barracks, manufacturing facilities, office complexes, PX's, and schools.

Typical remote applications of this technology within the Department of Defense include such applications as Mount Laguna Air Force Station, located about an hour east of San Diego. It is the world's largest photovoltaic system which we dedicated last August. Another example is a 1,600 watt power supply at White Sands Army Missile Range in New Mexico. After 30 months of operation of that system, we have found that its maintainability and reliability have been excellent.

SOLID FUEL CONVERSION

If I may shift from solar and proceed with solid fuel conversion, we recognize fully that the use of coal for heating, as well as power generation and synthetic fuels, is vital to the Nation's total energy supply. There are over 800 military installations in the continental United States and these have roughly 8,000 boiler plants; 42 installations have some boiler plants that burn coal at this time.

The total conversion to coal at our 800 installations would cost in excess of $3 billion. If a conversion program were to be conducted over a several-year period, inflation would certainly increase this estimate upward from the $3 billion to more like $5 or $6 billion. Budget constraints simply preclude a mass conversion program of that order of magnitude, in our opinion.

In 1980, Defense is converting or replacing six oil-burning or natural-gas fired plants with coal-burning plants. For example, the Army is completing the design and construction of a new coal-wood-fired central boiler plant at Red River Army Depot in Texas under their fiscal 1980 military construction program.

We anticipate that, through the use of wood as fuel in up to a 50–50 mix with coal, we will reduce the pollutants in the exhaust stream from the boilers, thereby saving a significant amount of money for the air pollution control efforts. We have also surveyed opportunities for conversion of Defense heating plants from oil or natural gas to coal and other solid fuels such as refuse-derived fuel or wood.

The results of the preliminary survey of the conversion candidates indicate that we have some 93 facilities which have some potential for ultimate conversion to coal. The total conversion cost would exceed $1.3 billion.

We have four projects, namely Fairchild Air Force Base, Naval Amphibious Base Little Creek, Fort Stewart, and Redstone Arsenal in the fiscal 1981 military construction program. They represent a total request of $36.2 million.

At Fort Stewart, the Army has a wood-fired boiler addition in fiscal year 1981 totaling $6.3 million. This project provides for expansion of the existing plant and the wood handling and storage facilities. The design provisions for this project will also include necessary capabilities for this plant to burn coal and refuse in the future.

I might add at this time that for some of our planned conversions, we are studying opportunities for the military departments to obtain from State environmental offices, temporary air quality control variances to burn coal. That strategy will be used at installations which will require minimum modification to burn coal temporarily to meet the coal standards without additional long leadtime, costly pollution control equipment. One such installation is located at the Quantico Marine Corps Development Education Center, Va.

Under a separate program, we have been working with the Department of Energy in a jointly sponsored program to demonstrate new technologies for using coal at military installations. Examples of the projects we are considering include the use of fluidized bed boilers. Coal is burned in those boilers in a mixture of air and limestone, resulting in the generation of steam.

[Viewgraph retained in committee files.]

In viewgraph 11 we show some of the statistics from the project that we have underway at the Great Lakes Training Center, Illinois.

[Viewgraph retained in committee files.]

Viewgraph 12 is a photograph of a fluidized bed boiler that is purchased under a package arrangement which we are considering.

We are also considering the use of gas turbines using low Btu gas produced from coal, and lignite fired boilers.

So, we are heavily involved in the use of coal, refuse, and wood, wherever those opportunities present themselves.

GEOTHERMAL ENERGY

If I may leave solid fuel conversions, I will shift into geothermal energy. We have found that geothermal sources can definitely be used for electric power production, space conditioning and industrial process heat. We are anxious to get on with geothermal energy development and are interested in this application in our fixed facilities to replace oil for any of those purposes.

Over 100 Defense facilities have been identified as being co-located with potential geothermal reservoirs. For example, the Navy has been active in tapping geothermal energy for its bases in Iceland.

A fiscal 1978 military construction pilot project to connect three buildings at Grindavik to a local central heating system is already operational. At Keflavik, a fiscal 1980 project to connect 150 buildings to the local geothermal heating system is underway.

The Navy is also making a fiscal year 1981 military construction request to connect the remaining of the 313 buildings at Keflavik to the heating system. This request totals $20 million. It is estimated to save 70 million gallons of heating oil over the 10-year life of the project. That oil, by the way, would have been exported from the United States.

GEOTHERMAL RESERVOIR

If I may turn to China Lake for a moment, the Navy had also received $2 million in November 1978 from the Department of Energy to drill and validate the 4,800-foot geothermal reservoir test hole at the Naval Weapons Center at China Lake. Viewgraph 13 gives you a pictorial of a test well of China Lake.

[Viewgraph retained in committee files.]

Following Navy's solicitations, an award was made in December 1979 to a contractor to develop at his own expense, this geothermal reservoir to produce up to 75 megawatts of electricity for sale to the Navy. Any excess will, of course, go back to the grid in California.

In addition, the Air Force is negotiating with the Department of Energy to drill additional test holes at Williams Air Force Base, Ariz., at a cost of $1 million. After the feasibility of this geothermal resource is defined and proven satisfactorily, the Air Force will solicit private sector development of this energy source for space conditioning and electrical production.

The Air Force has also had some exhaustive evaluations underway at Hill Air Force Base in Utah for space heating, using geothermal resources

Other promising areas containing geothermal energy sources located near defense facilities which are also of interest to the Department of Energy include San Antonio, Tex.; Fallon, Nev.; Kings Bay, Ga.; and Dover, Del. Future candidates for Defense Department and Department of Energy resource configuration drilling programs may be selected in those geographical areas.

The final area is the joint DOD–DOE energy technology proposals including our energy conservation showcase projects. I will summarize what we have done with the Department of Energy. In a letter I sent to the Department of Energy on February 12, 1980, I proposed 141 projects for joint activity between the two agencies. These projects expand over a 5-year period and represent a total funding requirement of over $500 million. Many of those proposals were from Army, Navy, and Air Force showcase projects.

As I testified before Senator Hart on December 18, 1978, the Department of Energy did provide $500,000 for each of these three energy technology demonstration center initiatives to conduct architect-engineer (AE) studies at each installation. The Army and Air Force also funded an additional $500,000 and $472,000 respectively, to perform those AE studies.

[Viewgraph retained in committee files.]

This viewgraph shows three showcase sites that we have selected located in the different geographic areas of the United States. When those studies are completed, the Department of Defense and the Department of Energy will make a final decision on the showcase projects to be funded.

JOINT ENERGY TECHNOLOGY WORKSHOP

As indicated in the February 12, 1980, letter, the two departments held a joint energy technology workshop on March 10 through 12, 1980, to identify programs of mutual interest for joint funding. The showcase projects were fully discussed at the workshop, and I expect a workshop report will be available by the end of March. It will be used to develop a 5-year program planned for joint Defense and Energy technology activities including most of the projects or initiatives that I have discussed previously in this presentation.

The 5-year program plan will be available by the end of May 1980. I will be glad to provide a copy of that to both the subcommittees.

(The Joint DOD-DOE Energy Activities report of May 30, 1980, was received and may be found in the files of the subcommittee.)

Mr. MARIENTHAL. In conclusion, I want to assure you that the Department of Defense, in our opinion, has an aggressive energy program. We believe that it is supportive of the Defense mobility and facility energy readiness requirements.

Finally, we have made every effort to select the most beneficial energy technologies in implementing our energy supply and conservation priorities. That concludes my presentation, Mr. Chairman.

Senator HART. Thank you very much, Mr. Marienthal. I have a few questions on the specific issue of solar.

Recently, before this committee, Mr. Fliakas said, on how to calculate solar cost effectiveness, that the definition of cost effectiveness included in Public Law 96–125 does not provide for inclusion of life cycle cost analysis. Is that your understanding also?

Mr. **Marienthal.** If I might, Mr. Marshall, whom you are familiar with, will handle this line of questions.

Senator **Hart.** Yes, Mr. Marshall.

Mr. **Marshall.** Yes, Senator Hart, I agree with that statement by Mr. Fliakas.

LIFE CYCLE COSTING

Senator **Hart.** Let me cite to you the conference report on Public Law 96–125 wherein it says: "Section 804 requires life cycle costing of total systems in all new facilities."

It goes on to endorse DOD's own guidelines for computing solar cost effectiveness; namely, use of zero discount rate, zero annual maintenance operating cost differential.

Mr. **Marshall.** Senator Hart, I recognize the difference between the language in the law and the language in the report. We do not believe that the language in the law requires the use of life cycle costing and none of the projects in fiscal year 1981 have considered life cycle costing.

We believe that life cycle costing must include, O. & M. cost, replacement cost, must include salvage value, must include some discount rates. That law definitely states that the determination of cost effectiveness is the recoupment of the initial investment in fuel savings cost.

Senator **Hart.** You are proposing some changes in section 804. What is it that you are proposing, and would it increase or decrease the likelihood that the solar systems will be built?

Mr. **Marshall.** Sir, we have proposed the placing and use of solar energy on the same basis on which we now develop our energy conservation investment program where we weigh the energy saved against dollar invested. In the solar portion of the law, we have proposed the use of barrels of oil equivalent per thousand dollars invested.

Now, it will decrease the likelihood of solar on some installations, on some projects. However, it is not as stringent as the DOE rules on life cycle costing.

Senator **Hart.** You are familiar with those?

Mr. **Marshall.** Yes, I am.

Senator **Hart.** Are you required to apply these rules to your proposed solar projects?

Mr. **Marshall.** Sir, we really have not determined at this point. I have asked the counsel to advise us on this because there is a definite conflict between that proposal and as we see the military construction requirement. It appears to me, just off the top of my head, we do have a conflict of law, DOE rules promulgated on the basis of the National Energy Conservation Policy Act and it applies to all Federal facilities.

Senator **Hart.** As soon as you make a determination, we would like to know.

Mr. **Marshall.** We will certainly advise you.

SOLAR PROJECTS

Senator HART. We would also like to know how many of your solar projects are cost-effective under the new rules.

Mr. MARSHALL. Senator, we did an analysis recently on the Department of Army and Department of Navy projects and I will be happy to provide this for the record.

Senator HART. Would you, please?

Mr. MARSHALL. Yes.

[The information follows:]

SOLAR ENERGY COST EFFECTIVENESS COMPARISON

The attached charts depict the cost effectiveness impact of definitions contained in the fiscal year 1980 MILCON Authorization Act, the proposed fiscal year 1981 language and the DOE rules implementing the requirements of the National Energy Conservation Policy Act when applied to the Departments of Army and Navy fiscal year 1981 program.

FISCAL YEAR 1981 ARMY SOLAR ENERGY PROJECTS

Station and location: Project title	Project No.	Budget cost (thousands)	Latest CWE (thousands)	Annual dollar savings (fiscal year 1984)	Annual fuel savines (BOE)	DOD-80, payback (years)	DOD-81, BOE ($1,000)	DOE		Remark
								SIR	Simple payback (years)	
Fort Benning, Ga.:										
Tactical equipment shop	342	225	77.0	2,450	39.0	15.6	0.51	0.06	495	
Small arms maintenance and supply facility	259	464								(1)
Fort Bragg, N.C.:										
Tactical equipment shop and facility	345	640	90.0	3,192	50.0	14.6	.56	.33	165	
CO administration and supply facility	340	394	72.0	1,536	27.0	19.5	.38	.08	Never	(3)
Fort Campbell, Ky.: CO administration/supply/arms building	273	313	25.2	735	14.0	16.4	.56	.03	Never	(2) (3)
Fort Carson, Colo.:										
Battalion HQ and classroom building	315	110	165.0	8,100	142.0	12.1	.86	.52	47	
Special weapons shop	314	226	120.0	6,000	96.0	11.8	.82	.54	45	
Maintenance facility DS nondiv	317	410	412.0	16,900	297.0	13.4	.72	.39	82	
CO administration and supply building	316	307	257.0	12,600	222.0	12.0	.86	.52	47	
CRREL, New Hampshire: Frost effects research lab	8	263								(1)
Fort A. P. Hill, Va.: Laser test facility	45	27	16.0	660	17.0	14.0	1.06	.40	80	
Fort Hood, Tex.:										
Division HQ and operations building	380	455	47.2	1,012	47.4	19.0	1.00	.01	Never	(2)
Flight simulator building	355	245	10.5	145	6.8	24.0	.65	−.10	Never	(2)
Fort Sam Houston, Tex.: Troop medical clinic	100	267	6.5	106	5.0	22.0	.77	−.06	Never	(2)
Fort Huachuca, Ariz.: Electromagnetic environment test facility	146	379	11.7	229	12.7	20.4	1.09	−.05	Never	(2)
Fort Hunter-Liggett, Calif.: Motor vehicle maintenance facility	45	291	512.0	9.500	337.0	21.2	.66	.05	Never	(2)
Letterkenny AD, Pa.: Guided missile maintenance facility addition	112	1,102	50.0	828	28.0	22.0	0.56	−0.02	Never	(2)
Fort Ord, Calif.: Troop medical clinic	249	174	547.0	11,400	404.0	19.7	.74	−.03	Never	(2)
Fort Riley, Kans.: Aircraft maintenance hangar addition	117	118								(1)
St. Louis Supply Center, Ill.: Health and dental clinic	78	147	147.0							(1)
MOT Sunnypoint, N.C.: Administration area improvement	48	193	35.4	960	4.3	17.1	.12	.18	Never	(3)
Tobyhanna AD, Pa.: Solar energy hot water heating	62	270	400.0	28,213	303.0	10.0	.76	.59	22	
Tripler AMC, Hawaii: Hospital addition/alteration	32	1,932	1,932.0	68,342	1,130.0	18.1	.58	.39	167	

PROJECTS FOR WHICH SOLAR ENERGY COST NOT INCLUDED IN 1391

Station and location: Project title	Project No.	Budget cost (thousands)	Latest CWE (thousands)	Annual dollar savings (fiscal year 1984)	Annual fuel savines (BOE)	DOD-80, payback (years)	DOD-81, BOE ($1,000)	SIR	Simple payback (years)	Remark
Fort Hood, Tex.: Child care center	394	(3)	45.4	942	44.1	20.0	.97	.001	Never	(2)
Fort Rucker, Ala.: Addition to Lyster Army	205	(3)	703.0	17,850	340.0	17.7	.48	−.01	Never	(2)

PROJECT IDENTIFIED BY STUDY AS POTENTIALLY COST EFFECTIVE, WITH NO FUNDS INCLUDED IN 1391

Station and location: Project title	Project No.	Budget cost (thousands)	Latest CWE (thousands)	Annual dollar savings (fiscal year 1984)	Annual fuel savines (BOE)	DOD-80, payback (years)	DOD-81, BOE ($1,000)	SIR	Simple payback (years)	Remark
Camp Walker, Korea: Physical fitness center	640	(5)	210.0	10,896	119.0	11.5	.57	.94	41	
Fort Clayton, Panama, CZ.: Dental clinic	163	(5)	46.0	1,947	22.4	13.1	.49	.45	73	
Fort Leavenworth, Kans.: Dental clinic alterations and addition	83	(5)	158.0	4,000	177.0	18.0	1.12	.04	Never	(2)
Goeppingen, Germany: Health clinic at Cook Barracks	664	(5)	47.0	781	7.3	22.0	.16	−.003	Never	(2)
Manheim, Germany: Health and dental clinic at Coleman Barracks	645	(5)	121.0	1,587	14.8	24.6	.12	−.07	Never	(2)
Amberg, Germany: Health and dental clinic at Pond Barracks	647	(5)	68.0	1,337	11.0	20.2	.16	.05	Never	(2)
Dexheim, Germany: Health clinic at Anderson Barracks	801	(5)	72.0	993	8.6	23.9	.12	−.05	Never	(2)
Fort Leonard Wood, Mo.: Applied instructional building	101	(5)	930.0	21,600	376.0	18.6	.40	.10	Never	(2)

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[1] Missing data due to incomplete solar study.

[2] Using DOE procedures the extra annual cost of O. & M. exceeds annual savings.

[3] Prior year project hence design complete. Solar feasibility study was not required for concept design, however, will be undertaken.

[4] Not cost effective using DOD procedures.

[5] Project for which solar energy system(s) are found to be cost effective, but for which costs are not shown on the DD form 1391.

FISCAL YEAR 1981 NAVY PROJECTS WITH SOLAR

[Dollar amounts in thousands]

Project No.	Location	Total project cost	Solar cost	Payback (years) [1]	DOE SIR	DOE simple payback	BOE/ $1,000
329	NAVSUBSCH New London, Conn.—Oper trnr facility	$2,100	$80	23	−0.059	(2)	0.54
119	NSY Portsmouth, N.H.—UOPH	1,050	46	17	.039	(2)	.74
118	NAS Brunswick, Maine—Pass office	750	27	19	−.011	(2)	.63
139	NSY Norfolk, Va.—UEPH	4,900	419	24	.120	226	.81
259	NSY Norfolk, Va.—Indus sec facility	2,600	8	22	.185	97	1.0
930	NS Norfolk, Va.—SIMA	15,500	26	22	−.013	(2)	.58
155	HQSUPPACT Norfolk, Va.—Comm bldg addition	1,900	10	17	.330	45	1.2
713	NAS Oceana, Va.—Airspace cont facility	2,700	12	23	−.083	(2)	.42
901	NAS Oceana, Va.—UEPH	5,400	148	23	−.021	(2)	.55
536	MCB Camp Lejeune, N.C.—Tank maint facility	7,700	246	24	.275	64	1.07
611	MCB Camp Lejeune, N.C.—UEPH	17,000	1,450	25	.123	293	.59
026	MCAS Cherry Point, N.C.—Comm maint facility	3,350	46	21	−.037	(2)	.52
141	AFWTC Roosevelt Rds, P.R.—Range ops center	1,400	8	22	−.069	(2)	.5
087	NAS Jacksonville, Fla.—Water surv tng facility	1,950	304	15	.152	175	.94
072	MCRD Parris Island, S.C.—UEPH modernization	5,600	280	13			
172	NTC Orlando, Fla.—Academic inst facility	2,350	130	15			
710	NWC Charleston, S.C.—UEPH	1,100	141	17	.064	(2)	.77
379	NWC Charleston, S.C.—Chapel	1,000	37	17	−.117	(2)	.43
056	SUBSUPSITE Kings Bay, Ga.—Swimming pool	1,300	25				
200	SUBSUPSITE Kings Bay, Ga.—Pers supp facility	5,900	347	13	−.082	(2)	.48
202	SUBSUPSITE Kings Bay, Ga.—Ops supp facility	840	91	21	−.149	(2)	.32
114	FBMSTC Charleston, S.C.—Oper tng facility	1,100	73	20	−.055	(2)	.53
188	NSY Charleston, S.C.—Wtrfrt support facility	3,600	55				
030	NS Charleston, S.C.—SIMA	7,100	190				
103	SUBSUPSITE Kings Bay, Ga.—Commun serv center	720	6	11	−.094	(2)	.5
104	SUBSUPSITE Kings Bay, Ga.—Theater complex	1,550	89	16	−.177	(2)	.3
105	SUBSUPSITE Kings Bay, Ga.—Educ serv complex	950	26	15	.153	(2)	.35
002	FTC San Diego, Calif.—Oper trng facility	2,250	7	16	.295	48	1.29
302	NWC/China Lake, Calif.—Wpns sys supp facility	5,400	35	25	.260	56	1.26
326	MCAS El Toro, Calif.—UEPH	11,500	635	11	.442	30	1.64
232	MCB Twentynine Palms, Calif.—UEPH	8,700	260	20	.272	52	1.2
757	PMTC Point Mugu, Calif.—Wpns sys supp facility	4,800	10	17	.091	(2)	.69
077	NM Lualualei, Hawaii—UEPH and dining facility	6,600	170	15	.352	39	1.44
153	NAS Barbers Point, Hawaii—Oper trnr facility	1,900	4	13	.359	38	1.35
506	NAS Barbers Point, Hawaii—Pass office	600	4	13	.359	38	1.35
832	NS Subsic Bay, Republic of Philippines—Spec warfare group facility	780	8	11	.410	32	.15
	Grand total, 36 projects	143,940	5,207				

[1] Payback calculated as per requirements of fiscal year 1980 Military Construction Authorization Act.

[2] Never pays back.

Senator HART. Is that done, given current DOD guidelines, proposed guidelines as well as DOE rules?

Mr. MARSHALL. Yes; we did it on the basis of the current guidelines published as a result of the Military Construction Authorization Act which you authored and just as an example in the Navy list of projects in fiscal year 1981, definitely 33 of those projects proved to be cost effective under those rules.

Under the DOE simple payback procedure we have projects that have payback periods that run from 30 years to 293 years and several of them that would never have a payback.

Senator HART. Why do the DOE rules result in none of your solar projects being cost effective?

Mr. MARSHALL. I believe, sir, that the life cycle cost procedures impact on this. Using their rules they just do not pay out. DOE is using a 30-year estimated life of a facility. We are using 25 years. Even under their 30-year rule there will be very few projects of the type that we have programed that will pay back.

I believe the Department of the Army has one that pays back in 22 years. The balance of them are either never or 41 years, 73 years, 167 years. One project that is a good example of the impact is Fort Benning, Ga., technical equipment shop which under our current rule would pay back in 15.6 years. Under the DOE simple payback rules it would pay back in 495 years.

Senator HART. We want to pursue this with you at some length. It is a complicated issue, I understand. I feel strongly that perhaps other elements of the administration have done some very strange calculations here and I think it is not in the long-run interest of our country

Mr. Marshall. Sir, I would not like for this committee or any other committee in the Congress to get the idea that we in DOD are fighting the use of solar. I think our record to date, the number of projects we have underway, indicates that we do have an interest.

We do have some concerns, however, at the early stage of the development of a new technology and I expressed these concerns in last year's hearing relative to the ability to be able to program to keep these systems in operation in the outyears, and under the current rules we really do not have that ability because we are not calculating O. & M. cost under any condition and, therefore, we are very hard put to come up with any kind of estimates or figures to include in the overall DOD O. & M. budget.

For years you are aware that utility costs have been eating up our O. & M. budget. We look at this as a potential to eat up the budget if indeed we began to have mass failures in such a new technology. We believe that in today's time and in all probability for the next 5 to 10 years solar is still in its demonstration realm for the kinds of things that we are trying to use it for.

Senator HART. Thank you.

MOBILE EQUIPMENT ENERGY REQUIREMENT

Senator HUDDLESTON. Thank you, Senator.

I have just a question here on your mobile equipment energy requirement and your indication that you are attempting to maintain a zero increase there. How does such activity as our increased activity in the Indian Ocean and the Persian Gulf impact on your efforts there?

Mr. MARIENTHAL. So far we have been able to maintain that goal.

Senator HUDDLESTON. Is that requiring a substantial cutback in training activities in this country?

Mr. MARIENTHAL. No, sir, we have not cut back in any training or other readiness activities at this time based on fuel or any other reason that I am aware of.

Senator HUDDLESTON. Does that mean that our activity in the Persian Gulf and in the Indian Ocean has not caused any increased use of energy?

Mr. Marienthal. We have seen some increased flight hours, but it has not been significant enough to cause us to change our minds about that particular goal at this time, Senator.

Senator Huddleston. I am not talking about changing our minds but I am talking about what is actually happening.

Mr. Marienthal. The ships are over there. The 31 ships or so in the Indian Ocean were basically at sea before. So the amount of fuel that they are using has not changed. The aircraft activity has increased somewhat, but I will provide for the record the data between 1 year ago at this time and now.

[The information follows:]

INDIAN OCEAN FUEL CONSUMPTION

The U.S. Navy presence in the Indian Ocean has increased markedly from a few ships in 1979 to the present two carrier task groups. The estimated increase in ships fuel consumption is 2,600,000 barrels for fiscal year 1980. The similar figure for aviation jet fuel is 660,000 barrels.

Senator Huddleston. At least up to this point that has not been such a drain on your supply as to have any impact on the domestic use?

Mr. Marienthal. No, sir, there has been no relationship between normal training activities and increased activity in that area, none whatsoever.

ALCOHOL FUELS

Senator Huddleston. Are you experimenting any with using alcohol fuels in your equipment?

Mr. Marienthal. We are experimenting extensively in the use of alcohol fuels in our ground vehicle equipment. We are not experimenting with alcohol fuels in the other equipments. We have an aggressive gasohol program under way, all in cooperation with the Department of Energy.

Senator Huddleston. Is that showing any promise at this time as far as using them in trucks, perhaps even in tanks? Is that a possibility?

Mr. Marienthal. We are testing it in a limited number of tactical vehicles, mostly in the medium-weight vehicles—jeeps and 1¼-ton pickup trucks. We have no plans to test alcohol fuels in tanks or other heavier equipment. We are looking forward to the use of gasohol in our unleaded fuel administrative and support vehicles in the same sort of programs that the civilian sector would be using gasohol. Our goal there is consistent with the President's goal to try to be at about the 10-percent level by 1981.

Senator Huddleston. What about investigating the possibility of coal-oil mixtures for naval vessels? Could this be a consideration?

Mr. Marienthal. I would have to check on that, Senator, but, in my opinion, it is not an alternative that we are looking at now.

Senator Huddleston. We have had information that there was a group thinking about rehabilitating the liner the *United States*, using this kind of fuel. Are you aware of that?

Mr. Marienthal. No, sir, I am not aware of that.

Senator Huddleston. Is the Navy aware of that?

Admiral Iselin. I personally am not aware of it, sir, but we can check on that.

[The information follows:]

REHABILITATION OF THE U.S.S. "UNITED STATES"

The Navy is not aware of the rehabilitation of the U.S.S. *United States* to burn a coal-oil mixture. Naval ships are designed and configured to use diesel fuel. A coal-oil mixture cannot meet diesel fuel specifications and its use is not being considered. The Navy does have a program investigating mobility fuels with the goal of operating ships on a wider variety of liquid hydrocarbon fuels, both conventional and synthetic.

Senator HUDDLESTON. How about efforts to produce jet fuel from coal?

Mr. MARIENTHAL. We have certainly looked at that. We have a cooperative program underway with the Department of Energy in all synthetic fuel programs. We have looked at the respective roles and missions between the Department of Defense and the Department of Energy, and clearly the Department of Energy is charged with the production and refining technologies for any synthetic fuel.

The role of the Department of Defense is to be a prepared customer in the marketplace, able to use whatever the Department of Energy comes up with based on costs and benefits to society as a whole.

COAL DERIVED SYNTHETIC JET FUELS

From our analysis of the jet fuel market, we see oil-shale-derived jet fuels as coming on line first before concentrating our efforts on coal liquids. We find the coal-derived synthetic jet fuels much more of a long-range test effort and therefore, we don't have as much effort underway in that area.

Senator HUDDLESTON. Didn't the Germans use some coal-derived jet fuel in World War II.

Mr. MARIENTHAL. I don't know about the jet fuel, but they certainly used coal-derived synthetic fuels.

Senator HUDDLESTON. They had some jets flying toward the end of World War II. I assume they were using the same base for their fuel. One day I tried to shoot at one and didn't have much luck.

Mr. Marienthal, we have attempted, you know, on these two subcommittees to persuade the DOD to move very aggressively in getting away from oil- and gas-fired energy plants. The authorizing committee has put directives in its report in recent years. Last year the military construction appropriations report included such directives.

I think, in all fairness, there has certainly been some progress but we still have questions about whether we are getting there fast enough or not, particularly when we view reports that indicate most petroleum experts believe that the total world supply of oil will continue to decrease. If it is bad now, we can expect that it will get considerably worse as time goes on.

Senator Hart and I have drafted four different legislative proposals which we are considering which we think will give added impetus to this effort. I will be giving you copies of these proposals and will ask that you furnish detailed responses for the record. I thought we might get some general reaction now.

[The information was not received in time for printing.]

OIL- AND GAS-FIRED REPLACEMENTS

First, we are considering authorizing a study to look at conversions and replacements of existing oil- and gas-fired plants. This will be a funded study requiring much the same data that we asked for in our report on last year's appropriations bill and which has not been very well done. What would your reaction be to that approach?

Mr. **Marienthal**. May Mr. Marshall answer, sir?

Senator **Hart**. Mr. Marshall.

Mr. **Marshall**. Senator Huddleston, we would not be opposed to conducting such a study if we had the funds to do it with. As far as the report that we submitted as a result of your request in the appropriations bill, the data that we gave you was the best we had available at the time the report was put together. We believe that it is indicative of the opportunities for conversion to coal.

Of course, you recognize, I am sure, the budgetary restraints which we have which sort of impede us from running as fast as we would like to run.

Senator **Huddleston**. We understand that and we are trying to find some way to get around some of those restraints if we can.

Second, we are considering a legislative prohibition on any new plants larger than 50 million Btu per hour which would burn oil or gas. There would be an escape clause there which would require congressional approval. What would your reaction be to that suggestion?

Mr. **Marshall**. Sir, I am going to give you a top-of-my-head answer because I just became aware of this. I think if you did it at 50 million Btu and up, we could probably find a way to accommodate. I am concerned about the economics of doing these plants and how they would fit into our overall budget picture. When you get below 50 million Btu we think it would definitely prove to be uneconomical simply because of the ratio of cost of pollution abatement to cost of conversion.

Senator **Huddleston**. Of course, if we continue down the road we are on, however, it may be less an economic question than a supply question.

Mr. **Marshall**. That is correct.

Senator **Huddleston**. We don't anticipate that you will be able to run those tanks and airplanes with coal very soon. So you had better be finding a place to get the petroleum.

Mr. **Marshall**. I would suggest that any such legislation should start with the larger-size plants, and then in later years, once we get those licked, consider the smaller ones.

Senator **Huddleston**. Our proposals would also involve a requirement for you to convert all existing plants larger than 50 million Btu per hour from oil or gas by the start of fiscal year 1987, again with an escape clause for particular circumstances. What would be your reaction to that?

FUNDING METHOD

Mr. **Marshall**. Sir, I think that the budgeting of these conversions is our main constraint. We have so many mission-oriented requirements in our request for legislation that must be done if we are going to maintain our readiness that if there is a method of funding these coal projects outside of the military construction legislation, I don't think we would object.

I will ask the services to respond to that, too. That is the constraint—being able to get the money into the program to satisfy this requirement along with all of the other things that are necessary for us to maintain our readiness.

Senator HUDDLESTON. We are aware of that situation, too. That causes us difficulty, and I think it is the major impediment to moving ahead with conversion on many of these projects. We would like to find a way where we can break out these kinds of expenditures away from your mission-oriented request because I understand any reluctance to allow these kinds of projects to compete with your mission requirements.

Nevertheless these may be just as important in the long run; most of them have a reasonably good pay-back ratio; they save money down the road somewhere, certainly if oil continues to increase in cost as it is now increasing. All of the reasons seem to be for moving ahead on these things. We want to try to find the right mechanism that will make it possible.

The fourth thing that we are considering would be a requirement of conversion away from oil and gas plants of any size at a level of effort not less than 5 percent of your military construction budget beginning with 1983. What do you think about that?

Mr. MARSHALL. Sir, I don't believe that it is really practical to do this for any size. As you are aware, many of the current smaller plants that we have on board, and that have a great deal of life still left in them cannot be converted. They are package units, and there is just no way to convert them. So if we had to live with that kind of legislation, it would mean scrapping many of these existing plants that still have a great deal of life in them and going to larger, central plants, which again is really constrained by budget limitations.

Senator HUDDLESTON. It occurs to me that there might be enough of those plants that are not in that particular category you refer to, those that are already wearing out, that would consume 5 percent of your budget for conversions without getting into the marginal ones.

Mr. MARSHALL. Five percent of our budget is quite a bit of money. I just don't know where to fit them. Maybe the Departments have a better feel for this than I.

Admiral ISELIN. We do not have any trouble with the general goals, which, of course, are to save energy, to convert where we can to alternative fuels. Our reluctance, Mr. Chairman, comes from the fact that none of us have been able to address the goal specifically enough to let us intermix the energy savings particularly gas and oil, against the dollar expenditure.

We are looking at some projects where we know we could go to an alternative fuel but at an exhorbitant cost, whereas if you took the differential cost and applied it to other projects, we could save four or five times as much fuel. In some cases we would actually save more total fuel, and not just convert it.

BTU'S SAVED PER UNIT OF DOLLARS

These are some of the things that are coming up as we get rules that relate to particular cases and percentages. The thing we have found that seems to come the closest—I don't think it is anywhere near ideal is the amount of Btu's saved per unit of dollars.

That gives you a measure that permits you to compare two, three, four or any large number of potential projects. It more or less says that, for any given amount of dollars, you are going to save so many Btu's and that ought to be measured against the baseline you would use in determining whether the project you are examining is in the ball park. Now, again, that has some side effects that are not completely perfect, but probably comes the closest to what we have been talking about.

One that is similar is the one-barrel, two-barrel, three-barrel comparison. From the feasibility studies we have done to date, it appears that either energy savings—that is, energy saved per $1,000 or barrels saved per unit of cost—would be a good way to measure. How we get the additional funds, as we see it, to achieve these is a problem, I think, that this committee, Mr. Marshall and myself——

Senator Huddleston. As a measuring stick, I think a barrel saved may be more pertinent really than the energy saved if you are going to use an energy of abundant supply against the one in short supply.

Admiral Iselin. I was considering only the gas and oil.

Mr. Marienthal. Mr. Chairman, Mr. Marshall and I have had a chance to reconsider your four points of the discussion that took place. It appears to us that the Department of Defense already has a strategy dealing with any new construction. Clearly we set the level at 50 million Btu. For any new project greater than that, the stated policy has already been that we must consider a solid fuel. Certainly with the price of oil today, the economics would work out toward the use of that solid fuel.

Further, our strategy is to look at those plants that use real petroleum. Natural gas might fall much further down on the priority list of things to worry about modifying, as the natural gas has not seen the dramatic price increase that real petroleum has seen over the past 2 years. Our fiscal year 1981 budget contains a $36.2 million solid fuel conversion effort, which is slightly greater than 1-percent level of the military construction budget request as opposed to the 5-percent level that you have proposed, sir.

We think that is about the right balance between what we can afford for mission-related items and conversion projects. There are certainly fast payback projects still left to be done, however. We are working with the Department of Energy on a concept that, as the President's program for coal conversion continued to develop, there will be a Federal facilities portion thereof.

We would hope that funds could be committed in that program for use in defense installations and in other Federal installations. Perhaps as the windfall profit tax dollars materialize there will be opportunities to use those dollars for solid fuel conversion. Defense installations would present good targets of opportunity and, therefore, such a Federal program would not impact on our mission-related budget.

We have worked with the Department of Energy on that exact point and they recognize our need and received it favorably. It is just too early to tell whether we are going to be successful.

Senator Huddleston. We are interested in that approach, too. I think we will try to be helpful. I understand, too, that one problem is not only the conflict or the competition between mission and conversion but while you spend the money for the conversion, the savings from our standpoint show up in operations other than the maintenance account. It is almost oranges and apples, in a way, that may complicate it somewhat. But we are trying to help resolve that problem, too.

COAL OR ALTERNATE FUEL-CAPABLE FACILITIES

Getting specifically into the report that you submitted to the committee in response to our request of last year, does this report represent a comprehensive list of all coal or alternate fuel-capable facilities with input rates of 50 million Btu per hour or greater which currently are burning oil or natural gas, and how many of these are conversion candidates at this time?

Mr. **MARSHALL.** Sir, we believe that it does represent those of 50 million and up. However, it also includes some projects below 50 million.

Senator **HUDDLESTON.** Have you made a calculation on what total savings of oil and natural gas would result from these conversions?

Mr. **MARSHALL.** Let me correct one thing first. The Department of the Army indicates that it does not include all of theirs or the Navy, either. I suppose that is true with the Air Force as well.

[Additional information follows:]

SAVINGS OF OIL FROM CONVERSIONS

General **WRIGHT.** The savings for Fairchild, Griffiss, Loring, K. I. Sawyer, and Arnold are estimated to be 973,446 barrels equivalent annually. Completion of other projects under consideration for the FY 82 and FY 83 programs save an additional 1.3 million barrels equivalent, totaling 2.2 million barrels. We must stress that conversion projects are very expensive, and we genuinely doubt that we will be able to fund more than a few conversion projects per year. A possible way to get these conversions completed as soon as possible is development by Department of Energy of some sort of a Federal set aside program similar to the $10 billion set aside for public utility conversions.

REPORT TO CONGRESS LISTING COAL/ALTERNATE FUEL CAPABLE FACILITIES

General **WRIGHT.** The report is not comprehensive, but includes our biggest oil users. Of the candidates previously submitted to OSD for coal conversion, Fairchild AFB in the FY 81 MCP is a true conversion. Griffiss AFB, Loring AFB, K. I. Sawyer, and Arnold Engineering Development Center, being considered for the FY 82 program, are also conversions back to coal. Other bases being considered in the FY 82 and out year programs will basically involve new construction.

Mr. **MARSHALL.** The report does give, as I understand it, energy savings in barrels of oil equivalent in each one, looking at the Navy conversion candidates at this particular time, and it indicated that over 4 million barrels of oil equivalent would be saved annually for the projects listed for the Department of the Navy.

I believe that for the Department of the Army, they have not been totaled in this report, Mr. Chairman. The total Army savings are 3,014,607 barrels of oil equivalent.

CONVERSION—PAYBACK PERIOD

Senator **HUDDLESTON.** We find, just looking through the report, that the payback period on many of these plants is remarkable. The Indian Head facility, for example, shows a payback period of only 2½ years.

According to your figures, conversion of this facility will pay for itself in only 2½ years, after which you then would realize a saving of $2 million a year on the fuel bill.

The Norfolk payback is 3.9 years, after which we will get an annual fuel saving of $7.6 million. You show a 3.3-year payback on Mare Island, followed by an annual saving of $3 million.

An interesting thing is that the ranges of payback periods vary greatly among the various services: 4.7 to 65 years for the Army, 2.5 to 19 years for the Navy, and 4.8 to 43 years for the Air Force. Are you using the same methodology in calculating these figures?

Mr. MARSHALL. I believe they are, sir. The guidelines that went out for the services in preparing this report pretty well gave the guidelines to use and they were the same.

Senator HUDDLESTON. For the record it would be helpful to have a copy of the guidelines so that we can calculate some of these things.

[The guidelines follow:]

COAL CONVERSION CANDIDATE STUDY

Identify former coal-burning plants and plants designed for conversion to coal and supply date in the following format:

Current: activity; plant size; energy use; current fuel.

Cost: conversion cost; savings (on coal); simple payback (years).

Activity: Installation name. If more than one plant at one activity list each plant separately.

Plant size: Use design output in MBTU per hour.

Current energy use: Give present yearly consumption in Barrels of Oil Equivalent (BOE)—

Natural gas=1,031,000 Btu per 1,000 cu. ft.

Distillate Oil=138,700 Btu/gal.

Residual Oil=use average of actual used.

Current fuel: Indicate grade of oil (e.g. No. 2 or No. 6), and dual situations.

Conversion cost: If preliminary study has been made use this cost escalated to fiscal year 1980. Absent preliminary study, use similar plant cost adjusted for size and area cost index or use best available engineering unit cost. Include all costs for air and water pollution abatement equipment. Include cost of new heat transmission mains where required as well as coal storage facilities.

Cost savings (on coal): Use latest fuel costs for basis of calculations. Fuel costs to include all transportation and delivery costs. Include additional costs for coal firing, coal and ash handling, and operation and maintenance costs for pollution abatement for coal-fired plants.

Simple payback (years): Divide conversion cost by cost savings.

The services used essentially the same methodology. In the preparation of the conversion candidate lists the Navy and Air Force used some existing studies and did not escalate fuel costs while the Army did; however, because of the short payback period for most oil conversions, not accounting for the difference between escalated coal and oil costs will not significantly affect the payback period and will not affect the relative standings among projects as to the quickest paybacks The Air Force separately identified the increased annual cost of using coal. These costs include additional manpower and other increases in operation and maintenance such as stack gas cleaning and ash removal and disposal. The Army and Navy included these costs in their calculations but subtracted these costs from the fuel savings so that the net savings of all three services were similarly developed. The fact that the ranges of payback periods show considerable variation does not relate to differences in calculation methodology but to the specific situation at each location. For example, the best Navy case at Indian Head has a payback of only 2.5 years because this plant was constructed as a coal fired plant and has all necessary coal firing equipment installed. The only reason this plant cannot burn coal today is the lack of pollution abatement equipment. The worst Navy case at NSY Portsmouth has a 19-year payback becausee coal handling equipment was never installed and due to lack of space the coal storage pile would have to be located remotely from the plant requiring a very elaborate coal conveyor system. Major factors affecting coal conversion costs and the payback necessary to amortize these costs include:

1. Age and condition of plant especially the boilers?
2. Was plant designed for coal (if not a complete new plant is required)?
3. Does plant have coal firing equipment installed?
4. Does plant have coal and ash handling equipment installed?
5. What repairs and rehabilitation are required for equipment noted in 3 and 4 above? Is more modern labor saving equipment required?
6. Does plant have preliminary stack gas cleaning equipment and does this require repair or replacement?
7. Does stack gas cleaning equipment need upgrading to meet current and projected air pollution abatement laws? Is new equipment needed? Is existing building strong enough to mount precipitators on roof or is new structural support system needed? To what extent does breeching have to be modified to accommodate precipitators or is complete replacement needed?
8. Does former coal storage area still exist and does it require upgrading to meet water pollution abatement laws? Where no storage existed, is there room for a storage area?
9. Does method of ash delivery to disposal system meet dust control requirements?
10. Method of ash disposal? Is there an approval landfill area on base? Must ash be disposed of by contract? Off base? Distance to approved landfill?
11. Are rail facilities available and adequate for rail coal delivery? New rail line needed? If truck delivery is economical can existing roads handle the heavy loading? Does road delivery avoid residential areas? Is a new heavy duty road needed? In very cold areas is a rail-car thawing facility needed for unloading?
12. Does plant need coal firing controls or do existing controls need repair or replacement?
13. If new plant is to replace several (or many) small plants, what is cost of new heat distribution system needed to connect central plant to various separate and dispersed buildings?
14. Does plant have economizer and what is condition of this unit? Do coal-firing economics dictate an economizer?
15. Are forced-draft and induced-draft fans installed? What conditions? Adequate for coal-firing?
16. Can refuse derived fuel, pelletized wood or other solid fuel be used in combination with coal to reduce sulfur emissions so that the more available and lower cost higher sulfur coal can be burned? Is existing coal-firing equipment adaptable to combination firing? Is coal handling equipment suitable for mixed fuels?

Senator HUDDLESTON. When calculating payback periods, what fuel costs were used, for example?

Mr. MARSHALL. Sir, we used the same fuel costs that we used for calculating the payback periods on our ECIP program, which is an escalated fuel cost of up to 8 or 10 years, and then that is about as far as we could foresee a price change.

Senator HUDDLESTON. Do you have those figures on what you were using, for instance, for oil, gas, and coal?

Mr. MARSHALL. I will have to provide that for the record, sir.

Senator HUDDLESTON. It would be helpful if you would. Indicate whether you performed any studies recently as to the cost of oil and as to what it is likely to be in the near term, midterm, and long term.

Mr. MARSHALL. We will provide that for the record.

[The information follows:]

COST OF OIL, GAS AND COAL

DEPARTMENT OF DEFENSE

The Department of Defense has not performed formal stuides as to the projected cost of oil in the near, mid, or long term, except those prepared for current budget submissions. Viewgraph four does provide a rough estimate of total energy costs to the Department of Defense through FY 1985. The cost of defense petroleum is approximately 70% of total defense energy.

We recognize the highly volatile and political nature of the forces that determine world petroleum prices. Military petroleum product prices closely parallel adjustments in domestic and world crude prices. We have access to Department of Energy studies and others, which are primarily based on supply, demand, and other market considerations. Actual price adjustments based on OPEC and other political factors often deviate widely from studies based on market and other economic considerations, however.

ARMY

The costs which were used for oil, gas, and coal are those which were applicable to each specific Army installation at the time the project was developed or revalidated.

Oil—Projects were developed (or revalidated) based on stock fund costs or local purchase costs, as applicable. The various grades of Number 6 through Number 2 oil were approximately $.50 to $.80 per gallon. Projects were (or are) being revalidated based on costs which range from $.90 to $1.30 per gallon. Escalation rate was calculated at 8% per year. (This rate is currrently being reexamined based on recent experience).

Gas—Natural gas costs were based on actual local contract costs from the utility supplier. Costs of gas ranged from $.86 to $3.84 per 1000 cubic feet. Escalation rate was 8% per year unless other, more accurate, rates were projected locally.

Coal—Coal costs were based on actual delivered costs per ton. Coal costs ranged from approximately $27.00 to $163.00 per ton based on quantity and quality required for specific installations. Escalation rate for coal was 5% per year, unless more accurate rates were projected.

NAVY

Navy savings were based on the average cost of each commodity at the particular activity based on actual cost as of September, 1979.

FUEL COST AND TYPE/CALCULATION OF PAYBACK PERIODS

AIR FORCE

The following list indicates by project the fuel cost and type used to calculate payback periods under DOD guidelines:

Base: Project	Fuel cost (per MBtu)	Type
Beale AFB, Calif.: Audio visual services center	$15.54	Oil.
Brooks AFB, Tex.: Alter unaccompanied enlisted personnel housing	3.11	Gas.
Hanscom AFB, Tex.: Dispensary/dental clinic	7.50	Oil.
Kelly AFB, Tex.: Sanitary latrines	3.09	Oil.
McClellan AFB, Calif.: Fire station	16.65	Oil.
Norton AFB, Calif.: Fire station	16.65	Oil.
Randolph AFB, Tex.: Unaccompanied enlisted personnel housing	2.37	Gas.
Robins AFB, Ga.: Personnel services center	7.56	Oil.
Scott AFB, Ill.: Dental clinic	4.10	Oil.
Wurtsmith AFB, Mich.: Flight simulator training facility	5.31	Oil.
Blytheville AFB, Ark.:		
Unaccompanied enlisted personnel housing	2.86	Gas.
Security police operations facility	2.86	Gas.
Camp New Amsterdam, Nebr.: Gymnasium	6.42	Oil.
Grand Forks AFB, N. Dak.: Flight simulator training facility	14.85	Oil.
Griffiss AFB, N.Y.: Religious education facility	15.92	Oil.
Incirlik AB, Turkey: Unaccompanied enlisted personnel housing	6.21	Oil.
Kirtland AFB, N. Mex.: Fuel system maintenance dock	5.25	Oil.
Kunsan AB, Korea: Unaccompanied enlisted personnel housing	6.06	Oil.
Lackland AFB, Tex.: Marksmanship training	6.06	Oil.
RAF Lakenhealth, United Kingdom: Control tower	6.10	Oli.
Pope AFB, N.C.:		
Dental clinic	8.90	Oil.
Alter unaccompanied enlisted personnel housing	8.90	Oil.
Robins AFB, Ga.: Aircraft final assembly/checkout facility	6.57	Oil.
Seymour-Johnson AFB, N.C.: Small aircraft maintenance dock (authorized fiscal year 1980).	9.80	Oil.
Tinker AFB, Okla.: Addition to avionics integrated support facility	5.94	Oil.
Tyndall AFB, Fla.: Munitions maintenance facility	5.92	Gas.
RAF Woodbridge, United Kingdom: Avionics shop	6.71	Oil.

Senator HUDDLESTON. We find that some economists estimate that if you take into account all of the factors in importing oil, the balance of payments and whatever, you come up to something like $100 a barrel that it is costing this country to import oil. If that figure were used, the payback of the listed projects would be substantially different, would it not?

Mr. MARSHALL. Sir, I am going to take a guess now that it would reduce the paybacks by maybe 50 to 60 percent.

Senator HUDDLESTON. And make virtually all of them cost-effective?

Mr. MARSHALL. That is right, sir; most of them would be cost-effective.

Senator HUDDLESTON. What about a facility that is now using oil and gas and it is at the end of its useful life and is going to have to be replaced anyhow? Have you, in your calculations, deducted the cost of replacement from the coal-use cost in determining what the payback is?

Mr. MARSHALL. To my knowledge we have not.

Senator HUDDLESTON. It seems that would be a legitimate thing to do since you are going to replace it one way or the other anyhow.

Mr. MARSHALL. Maybe the services have some additional response to that.

Senator HUDDLESTON. What about the Army, General Read?

General READ. We consider it but we do *not deduct it in determining the payback.*

Senator HUDDLESTON. It seems to me that the crucial thing is the difference in the cost of going to coal and the cost of going to oil and gas if you are going to have to go in one direction or the other with a new facility. Does that make sense to you?

General READ. I think it gets back to a lot of the earlier discussions, sir, that you have to set up a methodology by which you track these things and then follow them through to completion. We consider the existing facility in terms of the economics of repair and that kind of thing, but to take it just arbitrarily and deduct the replacement delta is a step that we have not, to my knowledge, looked into. We have not done that.

Senator HUDDLESTON. Then we ought to have a comparison between the payback of the cost of continuing to use oil and buying a new oil facility. Is this essentially what you are doing? Are you giving us the difference between an oil facility burning oil and a coal facility burning coal?

General READ. I believe that is the way we do ours right now, yes, sir. That accepts the supposition that you are going to put in a new one.

Senator HUDDLESTON. But the payback figures would look better if we were dealing with just the difference in the coal and the oil, the difference in cost. It would help us to have some idea, I guess, of those plants that are either in such a state or nearing such a state that a replacement is going to be necessary one way or the other as compared to those that we might change just because of the economics of it, that might have a reasonable amount of life left in the current oil-fired burners.

General READ. That, of course, goes back to the earlier comment that Mr. Marshall made that we do have a number of them around with a considerable amount of life.

Senator HUDDLESTON. I think on that kind certainly you would have to have a really good payback ratio to justify taking a unit out of service that still has a great deal of life in it except that you still have the overriding consideration of the supply, if you don't have anything to burn in the other facility, whether it is good or bad.

PUGET SOUND NAVAL SHIPYARD

Can you explain briefly for the committee what options are under consideration at the Puget Sound Naval Shipyard?

Mr. MARSHALL. I will ask Admiral Iselin to reply.

Admiral ISELIN. Yes, sir. We are looking at two basic options. One is a central plant which will burn coal as primary fuel, oil, or gas. The plant will also be capable of burning refuse-derived fuel (RDF) as a supplementary fuel. Our estimates right now are that it might burn as high as 10 percent RDF as a supplementary fuel.

Our second option would be a distributive kind of powerplant at approximately 12 locations throughout the yard, which would be either oil or gas fired. They would be located adjacent to the loads they serve and they could be shut off completely when they were not required—for example, when a ship deployed or when a particular process was shut down for a period of a month or so.

The Puget Sound plant is probably in the category of a special case such as you indicated earlier because it means a complete relocation of the powerplant and the resultant dislocation of functions from the area where we would build the powerplant. Otherwise we have to do some other things such as placing the powerplant in a less-than-ideal location from the loads that it is serving and reducing our ability to fluctuate the energy load.

We are also facing, in this instance, a considerable difference in cost between the two alternatives such that we may find that the differential is so great that we could fund some other projects that would save much more energy.

That is the kind of problem we are looking at right now. We hope to complete the studies this summer or eary fall that we now have underway on these two primary options.

Senator HUDDLESTON. Would option 2 be the least expensive of the two as far as installation is concerned?

Admiral ISELIN. As far as installation cost, the oil- or gas-fired plants would be considerably cheaper, yes, sir.

Senator HUDDLESTON. Before you make your final decision, you will take another look at the cost of the oil?

Admiral ISELIN. Absolutely. As I say, this is a particularly complex situation at Puget Sound, more so than we would anticipate running into at other locations.

NAVAL MEDICAL CENTER AND NIH

Senator HUDDLESTON. Can you bring us up to date on the joint study of the Navy and HEW on the cogeneration facility at the Naval Medical Center and the National Institutes of Health?

Admiral ISELIN. Yes, sir, I can. That study between the Navy and Health, Education, and Welfare has just started. The contractor made his onsite orientation visit last week. We have not preselected a particular fuel type for the proposed plant. However, due to the size of the proposed cogeneration facility, any plant that would be constructed would have to comply with the requirements of the Fuel Use Act of 1978, meaning that it favors coal.

The contractor is required to conduct an environmental impact assessment to determine if there are any insurmountable environmental barriers which would preclude construction of a large cogeneration plant in Bethesda. If no environmental or institutional barriers are found, the contractor will proceed to evaluate several technical options.

These options will obviously receive a rigorous technical and economic review and we will go for the most cost-effective option consistent with the applicable laws and regulations.

Senator HUDDLESTON. Could you indicate when that decision may be made?

Admiral ISELIN. No, sir. Health, Education, and Welfare is the lead agency on this project. I believe we are looking at approximately a year for first phase of the study.

STATUS OF CONSTRUCTION

Senator HUDDLESTON. What is the status of construction out there now at the Medical Center?

Admiral ISELIN. The Medical Center construction is essentially complete with respect to new utilities. However, there is a considerable requirement at the National Institutes of Health. When we originally agreed to work with HEW, we realized that it might impact the existing plant. Although it still has considerable economic life we felt that the cogeneration aspects were such that we might be able to continue using some of our existing plant with cogeneration or a total changeover between the two might offer savings enough that we would discount the sunk cost in the plant we have.

We recognize that, with a considerable load, the opportunity for cooperation between the two agencies, and with the rapidly escalating fuel costs, it is worth doing the feasibility study.

Senator HUDDLESTON. So cost-effectiveness, in addition to the environmental restraint that you might run into, will be the key factors out there?

PLANNING AND DESIGN FUNDS

Admiral ISELIN. Yes, sir, they would be the key factors.

Senator HUDDLESTON. In our report last year, the committee provided $3 million in planning and design funds to bring four projects to the 35-percent design stage for consideration for funding no later than fiscal year 1982. What is the status of each of these projects—Indian Head, Public Works Center at Norfolk Naval Shipyard, Mare Island, and Marine Corps Development and Education Command at Quantico?

Admiral ISELIN. Design was authorized on all four projects in December 1979. The architect-engineer selection is underway at the present time. We do have very preliminary cost estimates for these projects. Indian Head would be $14 million; Norfolk, $25 million; Mare Island, $22 million; Quantico, $10 million.

We are looking at a $70 to $80 million cost total for these four projects. All of them are currently in what is known as the overguidance section of the preliminary fiscal year 1982 budget. That means that sufficient funds are not available to enable the Navy to program them at this time but they are recognized as a requirement.

While the fiscal year 1982 programing and budgeting process still has a way to go, it is questionable whether funds will be programed due, as Mr. Marshall has indicated, to the competition with the mission-oriented requirements. However, a decision on final programing of these projects will not be made until June or July of 1980 and possibly as late as the November-December 1980 time frame. At that time, we will have more information available to the final budget decision and it may be that one or more of these will be funded at that time.

Senator HUDDLESTON. Now, these figures you just gave me are all different from those contained in your report to us. Have they all increased?

Admiral ISELIN. Except for Quantico, they have increased. The reason there, sir, is that the report you are looking at contained costs that were planning figures, and addressed mostly the oil to coal conversion element. These are cases where we are at the end of the existing economic life, not only of the equipment but, in some cases, of the structure. So we have structural costs, related utility costs, and also inflation, which is significant.

Senator HUDDLESTON. Much of this cost you are going to sustain anyhow, whether you convert or not?

Admiral ISELIN. Exactly. We would have to sustain some of the differential between the $5 million and $14 million on Indian Head. In other cases, we would have to sustain much of the differential cost in any event.

Senator HUDDLESTON. It all cannot be attributed to just the conversion?

Admiral ISELIN. No, sir.

Senator HUDDLESTON. I think we need to know those differences, then.

Admiral ISELIN. Yes, sir. Only those portions of the cost that are directly attributable to the conversion go into the payback analysis.

Senator HUDDLESTON. All of these projects, then, have exceeded the 35-percent-of-design stage at this point?

Admiral ISELIN. No, sir; they have been authorized for design and it will be January 1 by the time they reach 35 percent.

Senator HUDDLESTON. Why does it take so long to reach that 35 percent for a rather normal conversion project?

Admiral ISELIN. Each conversion project has to be examined thoroughly. Each one is different. We usually have to make extensive field surveys. We have to make engineering evaluations of foundation conditions, the structure we are working with, and the way we would distribute the steam or power.

We have to look at the source of coal and the composition, particularly the amount of sulfur. We have to look at the type of coal-burning system, whether we use stoker, pulverized or, hopefully in the future, fluidized bed. We have to look at the location of a coal storage yard, which can be difficult.

We have to look at the transportation systems that are required to transport the coal from point of supply to point of use. I might say, unfortunately, we have given up a lot of railroad trackage in the past, and this is one of the primary ways of moving coal.

We have to look very heavily at the pollution abatement equipment required, whether scrubbers, electrostatic precipitators, and so forth.

By the time we examine all of these features and look at the current equipments on the market and do a fuel analysis, it does take us close to a year. Really, it takes 5 months to select an architect engineer and 7 or 8 months to do the analysis. We prefer, of course, to proceed with that design in an orderly fashion in order to get both a quality design and a good feasibility analysis.

Senator **Huddleston**. In view of this long lead time, what additional Navy conversion projects are undergoing planning and design so that they can be considered for funding in fiscal year 1982–1983?

NEW LONDON SUBMARINE BASE

Admiral **Iselin**. As you know, we have one project in 1981 plus the four that we just discussed, and we are looking also at two more projects that are now under consideration for fiscal year 1983. Those are the Naval Submarine Base at New London and the Naval Education and Training Center at Newport. Each of those projects is large, and the total cost will be $50 to $70 million.

Senator **Huddleston**. What about the Army?

General **Read**. Sir, we have planning directed toward projects at the Iowa ammunition plant, the Redstone Arsenal, Picatinny Arsenal, and the U.S. Military Academy, also plan to connect added loads to an existing coal-fired plant.

I might add that this is one of the ways that we are looking at so that we can get further utilization by just extending the distribution system from an existing plant and tie in more facilities that have been using other methods for energy. We are also looking at six refuse-fired plants in this time period.

Senator **Huddleston**. Six refuse-fired plants?

General **Read**. Yes, sir.

AIR FORCE CONVERSION PROJECTS

Senator **Huddleston**. What about the Air Force?

General **Wright**. For fiscal year 1982, we are looking at seven projects, including the Malmstrom project, and for fiscal year 1983, five projects.

Senator **Huddleston**. Can you list those for us?

General **Wright**. For fiscal year 1982, Seymour-Johnson Air Force Base, Arnold Air Development Center, Griffiss Air Force Base, Loring Air Force Base, K. I. Sawyer Air Force Base, Minot Air Force Base and Malmstrom Air Force Base. For fiscal year 1983, Hanscom, Grand Forks, Plattsburgh, Langley, and Wurtsmith, Mich.

Senator **Huddleston**. Do you have estimates of how much of your fiscal year 1981 design money you are planning to spend on conversion projects for 1982 and 1983?

General **Wright**. No, sir, not right offhand. I would have to provide that for the record.

Senator HUDDLESTON. Would the other services have it or could you supply it?

Admiral ISELIN. We will supply it.

General READ. We will supply it for the record.

[The information follows:]

ARMY

The amount of fiscal year 1981 design funds that the Army plans to spend on fiscal year 1982 conversion projects is approximately $1.7 million. It is planned that approximately $3 million will be spent for design of conversion projects for fiscal year 1983. However, a portion of the design for fiscal year 1983 projects will be costed to fiscal year 1982 funds.

NAVY

Approximately $4.3 million of fiscal year 1981 planning and design funds will be obligated for Navy coal conversion projects in the 1982 and 1983 programs. An estimated $3.8 million of fiscal year 1981 planning and design funds will be required for 1984 coal conversion projects because of the long lead time of these complex projects.

AIR FORCE

The Air Force will spend approximately $6 million of our fiscal year 1981 design money on coal conversion projects. Some funds in prior years have been expended for the basic concept studies as well as overall design. In addition, some fiscal year 1982 design funds probably will be used for additional design.

Senator HUDDLESTON. On the specific list submitted to us, I am pleased to see the very obvious efforts which the Navy is making to determine its needs and get a conversion program going. I have a couple of questions. Can you identify for the record those nine plants which you state in the footnote cannot be converted to coal without complete replacement?

Admiral ISELIN. Yes, sir.

[The information follows:]

NAVY COAL CONVERSION PLAN

The footnote which appears on the table forwarded by OASD (MRA&L) letter of March 13, 1980 stated nine plants cannot be converted to coal. These plants are major fuel burning installations (MFBI's) which were designed to burn gas or oil and cannot be converted to coal. In accordance with recent DOE clarification of the MFBI definition, now there are 8 vice 9 MFBI's which would have to be totally replaced if ordered to burn coal. These eight plants are listed below.

NAS Alameda, CA (old).
NS Treasure Island, CA.
NSY Long Beach, CA.
USNA Annapolis, MD.
NAS Patuxent River, MD.
NH Bethesda, MD.
NAS Corpus Christi, TX.
NRL Washington, DC.

The new definition excludes from major fuel burning installations those boilers with a capacity less than 50 MBTU. An installation with total installed capacity of greater than 250 MBTU is considered an MFBI, or a plant with any boiler greater than 100 MBTU.

50 AND 100 MILLION BTU COVERSIONS

Senator HUDDLESTON. Also there are 12 plants between 50 and 100 million Btu's. What is to prevent directing them to convert?

Admiral **Iselin**. Sir, we have eight major fuel-burning installations greater than 100 million Btu's, which would have to be replaced to burn coal since some were found to be convertible. The eight plants would cost us $145 million to convert. We also have 11 plants that are between 50 and 100 million Btu's, which would require replacement of the entire plant in order to burn coal. Meaning that within the existing structure, we would remove the oil-fired equipment and put in coal boilers. Replacing the entire 14 plants would cost over $200 million.

I think the answer at the moment is that we have done our initial analysis on the five we talked about earlier, and we are moving on two more. We are in the money situation where we are looking at large sums of money to replace those plants that are not convertible.

Senator **Huddleston**. For those 11 out of the 12 that would require total replacement, could you indicate what life expectancy remains under the present system?

Admiral **Iselin**. Yes, sir. I would like to supply that for the record.

[The information follows:]

Navy Coal Conversion Plan

For clarification of the record, the following information is provided. The Navy has identified 42 heating plants of 50 mBtu/hr heat input or greater. Of these 42 plants, 20 are coal convertible. The remaining 22 plants were designed to burn either oil or natural gas and can not be converted to burn coal. Should the Navy be directed to burn coal in plants of this size, these 22 plants would have to be totally replaced. The 42 plants are listed below. The list includes those plants previously identified.

CAPABLE OF BEING CONVERTED TO COAL

Location	Size input (mBtu)	Boilers	Fuel used[1]	Coal capable	Year installed[2]	Conversion programed, fiscal year	Simple payback years[3]
NAB Little Creek, Va	270	3	No. 6	Yes	1954	1981	7
PWC Norfolk, Va	600	5	No. 6/coal	Yes	1942/44/70	1982	4
NOS Indian Head, Md	495	3	No. 6/coal	Yes	1954	1982	6
NSY Mare Island, Calif	370	2	Gas/No. 2	Yes	1979	1982	10
MCDEC Quantico, Va	300	4	No. 6/coal	Yes	1938/45	1982	10
SUBASE New London, Conn	308	4	No. 6	Yes	1960/63/70	1983	7
NETC Newport, R.I	440	5	No. 6	Yes	1940/41/59/69	1983	18
PWC Pensacola, Fla	450	3	Gas/No. 2	Yes	1952/71	1984	19
PWC Great Lakes, Ill	750	6	Gas/No. 6	Yes	1941/52/66	1984	10
MCRD Parris Island, S.C	200	4	Gas/No. 6	Yes	1941/56	1985	13
NSY Norfolk, Va	720	7	No. 6	Yes	1939/41	1985	19
NAS Jacksonville, Fla	375	8	Gas/No. 6	Yes	1940/41	1986	11
NAS Memphis, Tenn	300	5	Gas/No. 6	Yes	1942/58	1986	17
NSY Portsmouth, N.H	820	4	No. 6	Yes	1943/78	1986	38
NAS Alameda, Calif	150	3	Gas/No. 2	Yes	1976	1987	6
MCSC Barstow, Calif	75	3	No. 2	Yes	1976	1987	19
ASO Philadelphia, Pa	136	4	Gas/No. 6	Yes	1945/63	1987	111
NOS Louisville, Ky	204	6	Gas/No. 2	Yes	1954	1987	(4)
NDW Washington, D.C	380	3	No. 2	Yes	1940/57	1987	10
NSY Philadelphia, Pa	870	5	Gas/No. 6	Yes	1947	1987	12

MAJOR FUEL BURNING INSTALLATIONS NOT CAPABLE OF BEING CONVERTED TO COAL

Location	Size input (mBtu)	Boilers	Fuel used[1]	Coal capable	Year installed[2]	Conversion programed, fiscal year	Simple payback years[3]
S Treasure Island, Calif	360	3	Gas/No. 2	No	1969	[5] UP	47
Y Long Beach, Calif	300	3	Gas/No. 2	No	1967	UP	27
SNA Annapolis, Md	360	3	Gas/No. 2	No	1969	UP	38
AS patuxent River, Md	243	3	No. 6	No	19[illegible]9	UP	24
AS Corpus Christi, Tex	248	4	Gas/No. 2	No	1940	UP	24
RL Washington, D.C	200	2	No. 6	No	1971	UP	21
Bethesda, Md	330	5	No. 6	No	1979	UP	66
AS Alameda, Calif	440	4	Gas/No. 2	No	1944/74	UP	26

See footnotes at end of table.

CAPABLE OF BEING CONVERTED TO COAL—Continued

Location	Size input (mBtu)	Boilers	Fuel used[1]	Coal capable	Year installed[2]	Conversion programed, fiscal year	Simple payback years[3]
50 TO 100 mBtu CAPACITY NOT CAPABLE OF BEING CONVERTED TO COAL							
NSA Long Beach, Calif	178	4	Gas/No. 2	No	1971	[4] UP	84
NAS Oceana, Va	262	4	No. 6	No	1955	UP	39
NSRDL Annapolis, Md	145	3	Gas/No. 2	No	1965	UP	(5)
NATC Trenton, N.J	150	3	No. 6	No	1950	UP	200
NADC Warminister, Pa	121	3	No. 2	No	1961/72	UP	134
NAS Lakehurst, Pa	190	4	No. 6	No	1969/78	UP	23
NAS Whiting Field, Fla	187	5	Gas	No	1970	UP	147
NAS Cecil Field, Fla	103	2	Gas/No. 2	No	1954/64	UP	103
NAS Whidby Island, Wash	150	3	Gas/No. 2	No	1955	UP	33
NSA Seattle, Wash	121	3	Gas/No. 2	No	1976	UP	65
FCDSTEL Dam Neck, Va	150	4	No. 6	No	1976	UP	34
MCAS Beaufort, S.C	120	2	Gas/No. 2	No	1955	UP	387
Allegany Ballistics Lab, Md	150	2	No. 6	No	1971	UP	103
MCAS New River, N.C	150	3	No. 6	No	1976	UP	58

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[1] No. 2—No. 2 distillate fuel oil; No. 6—No. 6 residual fuel oil.

[2] In general, boilers have a design life of 25 yr. However, in actual use, many boilers continue to operate satisfactorily long beyond their design life. Actual life expectancy can only be determined after thorough inspection and evaluation

[3] Simple paybacks calculated using September 1979 energy costs and capital cost in fiscal year 1980 dollars.

[4] UP—Unprogramed.

[5] Additional maintenance costs exceed savings.

Senator HUDDLESTON. I notice that the Army list does not provide all of the information which we requested in terms of annual fuel savings and payback years. Can we expect this information to be submitted to the committee, General?

General READ. The reason we didn't is that we had not gone far enough along in our engineering studies to feel comfortable with the information. It would take us about 60 days to pull it together and provide it to you.

Senator HUDDLESTON. Will you do that, then?

General READ. Yes, sir.

[The information follows:]

ARMY SOLID FUEL CONVERSION CANDIDATES

Installation	Plant size MBTUH (output)	Consumption B.O.E./year	Present fuel	Proposed fuel	Conversion cost (millions)	Annual savings (thousands)	Payback years	Program, fiscal year	Remarks
1. Red River AD	120	88,430	Gas/oil	Wood/coal	$9.0	$240	35.8	1980	DOD/DOD Domonstration.
2. Fort Stewart	80	20,306	Oil	do.	6.3	1,200	5.3	1981	Do.
3. Iowa AAP	200	46,800	Gas/oil	Coal	12.0	14	Over 35.0	1982	PAA.
4. Redstone Arsenal	750	263,700	do.	do.	40.0	4,600	8.7	1983	
5. U.S. Military Academy	685	129,200	Oil	do.	17.0	2,000	8.5	1986	
6. Picatinny Arsenal	320	146,600	Oil	do.	38.0	427	Over 35.0	1984	
7. Fort Carson	60	22,400	Gas/oil	do.	13.0	605	21.0	1983	
8. Fort Bragg	285	80,400	do.	do.	30.0	2,000	15.0	1985	
9. Aberdeen proving grounds	780	161,100	Oil	do.	62.0	469	Over 35.0	1984	
10. Lake City AAP	300	148,800	Gas/oil	do.	30.0	433	Over 35.0	1985	
11. Twin Cities AAP	655	85,270	do.	do.	65.0	248	Over 35.0	1986	
12. New Cumberland AD	150	69,000	Oil	do.	15.0	201	Over 35.0	1987	
13. Lone Star AAP	200	105,900	Gas/oil	do.	24.0	308	Over 35.0	1984	
14. Fort Gordon	252	57,610	do.	do.	23.1	2,310	10.0	1986	Substituted for Fort Richardson.
15. Sierra AD	75	9,300	Oil	do.	8.0	27	Over 35.0	1990	
16. Seneca AD	30	6,500	Oil	do.	3.0	19	Over 35.0	1989	Low activity.
17. Fitzsimons AMC	241	85,800	Gas/oil	do.	15.0	529	28.3	1985	
18. Fort Campbell	520	126,300	do.	do.	52.0	1,700	30.0	1985	
19. Tooele AD	150	40,400	Oil	do.	17.0	118	Over 35.0	1988	
20. Fort Lewis	490	118,600	Oil	do.	52.0	2,200	23.6	1987	
21. Fort Monmouth	360	69,000	Oil	do.	42.0	201	Over 35.0	1987	
22. Letterkenny AD	70	29,000	Oil	do.	7.0	85	Over 35.0	1988	
23. Pine Bluff Arsenal	40	21,700	Gas/oil	do.	4.0	63	Over 35.0	1988	
24. Anniston AD	55	13,800	Oil	do.	4.0	41	Over 35.0	1995	
25. Badger AAP	70	37,200	Oil	do.	7.4	109	Over 35.0	1988	Do.
26. Savanna AD	35	14,100	Oil	do.	5.0	41	Over 35.0	1989	Inactive.
27. Indiana AAP	70	9,800	Oil	do.	5.0	30	Over 35.0	1989	Do.
28. Newport AAP	120	26,700	Gas/oil	do.	12.0	78	Over 35.0	1989	Do.
29. Sunflower AAP	75	8,500	Oil	do.	8.0	25	Over 35.0	1990	Do.
30. Ravenna AAP	120	8,700	Oil	do.	12.0	25	Over 35.0	1990	Do.
31. Joliet AAP	300	82,200	Gas/oil	do.	26.0	239	Over 35.0	1995	Do.
32. Volunteer AAP	300	140,000	do.	do.	36.0	408	Over 35.0	1995	Do.
INCINERATORS									
1. Fort Eustis	30	7,380	Oil	Refuse	1.4	105	14.5	1979	
2. Fort Leonard Wood	30	19,000	Oil	do.	3.4	330	10.3	1980	
3. Fort Knox	20	17,000	Gas/oil	do.	1.8	315	5.7	1980	
4. Redstone Arsenal	30	44,000	Oil	do.	2.8	540	5.2	1981	
5. Fort Dix	50	25,000	Oil	do.	3.2	670	4.7	1982	
6. Fort Rucker	30	24,000	Gas	do.	4.1	360	11.2	1982	
7. Fort Riley	30	20,000	Oil	do.	3.6	326	11.1	1982	
8. Fort Gordon	30	18,500	Gas/oil	do.	3.7	177	21.0	1982	
9. Fort McClellan	30	19,500	do.	do.	4.1	240	16.6	1983	
10. Fort Benning	50	37,000	do.	do.	5.9	639	9.3	1983	
11. Fort Monmouth	40	30,000	Oil	do.	7.2	1,250	5.7	1983	
12. Fort Jackson	20	14,000	Oil	do.	3.2	122	26.1	1983	

Notes: (1) B.O.E. consumption based upon fiscal year 1979 performance, this represents possible fuel oil savings. (2) Costs and savings are in fiscal year 1980 dollars and based upon preliminary project documents. (3) Priorities are based upon: Technical feasibility/viability of project; priority within installation mission requirements and date of project receipt.

Senator HUDDLESTON. Can you indicate which are the most cost effective on your list?

General READ. Of the ones we have, sir, that would be reflected in the payback years.

Senator HUDDLESTON. Do you have any preferences at this time on which you would prefer to proceed with first?

General READ. That is kind of a tough question, sir. As you realize and as the discussion here sort of talked about, we get into a tradeoff situation, the economics versus the benefits to be derived from the way we do this. If I may, I will provide for the record the preferred listing.

[The information follows:]

The first priority is a project at Iowa Army Ammunition Plant. This project is programed for accomplishment in FY 1982 under a separate funding program (Procurement of Ammunition, Army). The second priority is a large boiler plant at Redstone Arsenal, Alabama. Other projects at Picatinny Arsenal, US Military Academy, Fort Bragg and Aberdeen Proving Ground are in a preferred listing, based on engineering data at this time.

Senator HUDDLESTON. You have included, I understand, on your list some plants that are basically inactive at the present time. Is that the case?

General READ. Yes, sir, we indicated some which are at inactive installations in terms of the principal mission, but all of these reflect their current requirements. In other words, we will have facilities in our industrial system which are not going full blast, as they would for mobilization considerations, but yet have a continuing requirement for the production of energy.

Senator HUDDLESTON. In other words, you have to maintain them?

General READ. Yes, sir, we have a continuing need to generate steam or hot water or whatever the case may be.

Senator HUDDLESTON. What about the Air Force? Can you identify which of the plants on your list are most cost effective?

General WRIGHT. Sir, we have a tentative list. I would like to provide it for the record on preliminary calculations for payback.

Senator HUDDLESTON. Can you indicate which ones you prefer to proceed with first?

General WRIGHT. We will do that when we provide the list.

Senator HUDDLESTON. And the costs for the individual plants and the total cost for those on the preferred list.

[The information follows:]

LIST OF COAL CONVERSION PROJECTS

Base	Cost (millions)	Payback (years)
Fiscal year 1982:		
Malmstrom AFB, Minn	$37.5	43.0
Arnold EDC, Tenn	11.5	7.8
Loring AFB, Maine	8.0	4.8
Seymour-Johnson AFB, N.C	14.0	13.5
K. I. Sawyer AFB, Mich	11.0	6.2
Griffiss AFB, N.Y	17.9	6.7
Minot AFB, N. Dak	14.0	38.7
Total, fiscal year 1982	113.9	
Fiscal year 1983:		
Grand Forks AFB, N. Dak	25.0	7.2
Plattsburgh AFB, N.Y	25.0	9.5
Hanscom AFB, Mass	30.1	14.6
Wurtsmith AFB, Mich	20.0	16.0
Langley AFB, Va	17.0	9.9
Total, fiscal year 1983	117.1	
Total, fiscal years 1982 and 1983	231.0	

The projects are listed in order of our preferred priority. Malmstrom is the only plant at an advanced design stage; design is 95 percent completed. The Environmental Impact Statement has been started. The boilers at this plant are in very bad condition and need early replacement. We have already sunk a great deal of design cost into the project. No other plant is as near the award point as Malmstrom. For these reasons it is our first priority, in spite of its showing the poorest payback. The Minot plant is in similar condition.

Senator HUDDLESTON. One reason we are pursuing this in such detail and asking about the lists is that the committee feels that we would like to be able to determine some priorities and some time frames for various conversion possibilities. This is the kind of information that would be very helpful to us.

COST-EFFECTIVE CONVERSIONS

I think you have all agreed to, in one way or another, reevaluate these candidate lists and provide us with some lists showing your priorities for conversion based on the cost effectiveness and any other appropriate criteria that you have to deal with.

Admiral ISELIN. If you would like, Mr. Chairman, I can indicate, from the Navy list, those conversion projects that at the moment look as though we would be ready to move on quickly and which, I think, we know enough about now even though we are in the early stages of engineering studies.

We would like to move on Indian Head and Quantico. These two appear to us to meet all of the requirements, are good coal conversion projects and have good payback. We think that we can overcome the environmental problems at both locations.

We think that we can get coal into both places. We think we have the space to store it at both sites, and we have sufficient people in the area who have operated these kinds of plants.

So we feel rather confident about those two plants and they probably would head our list at this stage of the game.

Senator **Huddleston**. I would like to ask the other services, if you are not prepared to do that now, to give some thought to it. We will submit you another request here for the specific data that we would like.

Incidentally, I am not just trying to sell coal although that is a great contribution for our State; I really have a concern, and I know you do, too, about our use of fuel in all Government installations and particularly in DOD. I would like to see all of the petroleum diverted for the purpose of running machines and equipment, not only in DOD but throughout the rest of the country, too. Where we have an abundant supply of fuel for other purposes, I think we ought to concentrate on doing that.

We want to be as helpful as we can. I am totally sympathetic with the question of having to put these kinds of projects in competition with missions. I think we need to get away from that to the fullest extent we can and we want to be helpful in trying to accomplish that.

We have contacts with OMB and with the President. I hope that we can find some way to get out of that box and get that consideration removed if we can and look upon this as a national interest priority that we ought to proceed with.

So we want to do everything we can to help you. We hope that you will do everything you can to help us by being as aggressive as you can in promoting these things and suggesting them so that we can carry forward our responsibilities.

General **Read**. To put it in perspective, because I think it was discussed earlier and rightfully, in looking at the Army's budget this year, between 7 and 8 percent of our military construction budget is in energy conservation improvement programs. Of course, added to that you have the solar effort, which is explicitly identified. We have about 1 percent in solid fuel.

When you take the design money that is associated with these things, we are talking well above the 10-percent threshold. Then, of course, when you consider the other requirements we have, which are very important nationally, and rightfully so, in the area of pollution abatement, you see that when you put all of this in aggregate it does cause the considerable difficulties you have recognized for us in satisfying our mission needs.

Senator **Huddleston**. We will join you and help you find a way if we can do it.

Gentlemen, I want to thank you very much for your generous time. I appreciate your testimony. Thank you.

Senator Thurmond and Senator Humphrey have submitted questions with the request that the answers be provided for the record.

Without objection, the prepared statement of Mr. Edward Van Vliet, president, Fluid Energy Processing & Equipment Co., will be placed in the record following the questions submitted for the record.

[The questions, with answers supplied, follow:]

QUESTIONS SUBMITTED BY SENATOR STROM THURMOND

Senator THURMOND. Mr. Marienthal, what is the current status of our fuel reserves?

ANSWER. Defense Logistics Agency owned stocks—wholesale fuel reserves—have improved from about 58 million barrels of inventory in November 1979, to a current level of 61 million barrels. Based on current contract coverage and market conditions,, we expect continued improvement through the remainder of fiscal year 1980. I expect that we will meet our wholesale inventory objective of approximately 69 million barrels in the fall, provided that funds are available.

Senator THURMOND. What is your plan for replenishment of these war reserve stocks and when will this replenishment be accomplished?

ANSWER. The effect of penetrations of war reserves on sustainability is less today than in the last 18 months. This improvement is due, in part, to the actions that we have initiated to correct petroleum supply shortfalls. I discussed these actions in my statement, namely:

Jawboning with key oil company executives; and

Improvement of our petroleum contracting procedures to minimize impediments to government contracting.

In the event of further shortfalls, we have taken the following actions:

Negotiation with the Departments of Energy and the Interior for release of Naval Petroleum Reserve and outer continental shelf oil;

Publication of implementing regulations for the allocation of petroleum products under the Defense Production Act of 1950, as amended; and

Alternatively, mandatory allocation under the Emergency Petroleum Allocation Act is available if DOE chooses this course in lieu of the Defense Production Act.

In addition to these actions, we have pursued a vigorous energy conservation program. We realize that the most immediately available energy is that which we already have, but have avoided expending through increased efficiency and more stringent controls. As fuel consumed per training hour decreases, additional training can be provided, thus, increasing the proficiency of our forces while minimizing the consumption of our war reserve stocks.

Senator THURMOND. What is your current inventory of peacetime operating stocks?

ANSWER. The April 1, 1980, inventory of bulk petroleum peacetime operating stocks is 13,870,475 barrels, of which 5.9 million barrels is pipeline fill, tank bottoms, and manifold inventory.

Senator THURMOND. How effective has been the use of gasohol at military bases?

ANSWER. The Department of Defense has an aggressive alcohol fuels fleet testin program. While the Army is the lead military department for conducting these tests, the Navy is also conducting fleet tests at several locations. For example, a fleet of 40 jeeps (25 vehicles using gasohol; 15 control vehicles using unleaded gasoline) is currently in operation at Fort Belvoir, Virginia. Beginning in July 1980, similar fleet tests will begin at Fort Lewis, Washington; Fort Polk, Louisiana; Camp Drum, New York; and Letterkenny Army Depot, Pennsylvania. Results to date from both Army and Navy test programs are positive. As a result of their gasohol testing program, the Army has completed development of a military purchase specification for gasohol for use in administrative and support vehicles. The Defense Fuel Supply Center (DFSC), Alexandria, Virginia, has established national stock numbers (NSN's) for gasohol, and is using the aforementioned military specifications and NSNs to solicit for contracts for gasohol throughout the United States. The first geographical area being canvassed for gasohol requirements includes California, Arizona, Nevada, and Utah. In addition to DFSC's procurement program, the Army-Air Force Exchange Service and Navy Resale and Services Support Office have programs to procure gasohol for sale at exchange service stations when local conditions and economics are favorable. The Department of Defense is prepared to do its share to meet the President's goal of replacing 10 percent of all unleaded gasoline usage in the United States with gasohol by the end of 1981. The Department of Defense also intends to comply fully with Section 815 of Public Law 96–107, which requires us to use gasohol to the maximum extent feasible.

WASTE FUELS, ENERGY CONVERSATION, AND FUEL CONSUMPTION

Senator THURMOND. What are the environmental impacts of utilizing contaminated waste fuels in the heating plant at the China Lake Naval Weapons Center?

Answer. Waste fuels are blended with standard fuels. This mixture is then burned without causing any environmental impact.

Senator THURMOND. Would you give some specific examples, on a program-by-program basis, of where your energy conservation efforts in light-weight high strength materials, improved coatings and more efficient propulsion systems, are being deployed into operational programs?

Answer. An example of benefits in energy conservation as well as operations exists in the Navy's use of light reflective coatings on aircraft maintenance hangar floors. A light level of 70 foot-candles is needed a distance of 36 inches above the floor in hangers. Navy simultaneously changed light fixtures to energy-efficient sodium vapor types, while painting floor with a white polyurethane paint. This combination raised lighting level to the required 70 foot-candles.

The biggest benefit from the reflective floor is that it illuminates the underside of the aircraft where 60–80 percent of all aircraft organizational level maintenance occurs. With dark floor, spotlights and other jury-rigged lighting had to be used. This violated safety and energy codes.

Senator THURMOND. Will the proposed F–4 low smoke modification program improve that aircraft's fuel consumption?

Answer. No. Indications are that there will be no change in the fuel consumption rate.

SPECIFIC EXAMPLES/DEPLOYMENT OF ENERGY CONSERVATION EFFORTS

Senator THURMOND. Would you give some specific examples, on a program by program basis, of which your energy conservation efforts in light-weight high strength materials, improved coatings, and more efficient propulsion systems are being deployed into operational programs?

Answer. The following are examples of US Air Force applications of light-weight, high strength composite materials and gas turbine engine coatings:

1. F–16: Graphite fiber epoxy stabilizers.
2. F–15: Boron filament reinforced epoxy vertical/horizontal stabilizers (saves about 500 lbs. per aircraft).
3. TF–30 and F100 Engines: Oxidation resistant overlay coatings (metal chromium, aluminum and yttrium alloy) for nickel based superalloy components of turbine hot sections (gives increased performance through higher operating temperatures, or longer life and decreased fuel consumption when operated at normal temperatures).
4. M–X Kevlar 49 fiber reinforced expoxy rocket motor cases.
5. M–X and inertial Upper Stage: Carbon/carbon composite rocket nozzles.

The Engine Model Derivative Program (EMDP) is structured to improve the performance of Air Force engines in terms of thrust durability and specific fuel consumption (SFC). The incorporation of advanced technology and materials into existing engines through this program will result in more efficient aircraft power plant for operational use. Current EMDP efforts are focused on the T56 engine (C–130 aircraft), the F100 engine (F–15/F–16 aircraft) and the F101 derivative fighter engine. The T56 core will be modified to increase both thrust and SFC. Improvements to the hot section of the F100 will improve SFC and enhance the durability/life characteristics of the engine. Although the F101DFE efforts are primarily aimed at durability, the engine will represent a quantum jump in SFC when operational.

In addition to EMDP, several efforts under the engine Component Improvement Program (CIP) are involved with the use of coatings to improve turbine engine compressor efficiency. Improvements in compressor efficiency will directly impact engine fuel consumption. Proven CIP results are incorporated into operational engines as fast as maintenance schedules and funding permit.

The KC–135 Reengining program will contribute significantly to fuel conservation.

1. **KC–135 Reengining**—Fuel consumption of the KC–135 tanker fleet will be reduced considerably by replacement of the existing engines with the new technology CFM56 engine. An improvement of 25 percent in specific fuel consumption is expected. Current direction and funding provide for the first production (certification) aircraft. Proposals for follow-on production/modification are being worked in the 82 POM.

2. KC–135 Winglets—A technology demonstration program has shown that winglets on the KC–135 aircraft will provide a fuel mileage improvement of 5–7 percent. We are preparing to initiate Full Scale Engineering Development (FSED) on this program this year. Proposed production/modification for the fleet will evolve from this effort.

QUESTIONS SUBMITTED BY SENATOR GORDON J. HUMPHREY

PEASE AFB—HOT WATER MAINS

Senator HUMPHREY. You will recall that last year the Senate Armed Services Committee assigned high priority to replacing the hot water mains at Pease Air Force Base. In its report accompanying the FY 81 Military Construction Authorization Bill, the Committee, in fact, cited this project as a prime example of a case "where for lack of capital investment dollars, increased operating costs are being threatened." Given the Committee's interest in this project, the need for new hot water lines at Pease, why was the project not funded for FY 81?

Answer. The Air Force develops its energy conservation program by order of return. We rate the projects by E/C (energy saved per thousand dollars invested) and B/C (benefit to cost ratio). In using this prioritization, we build those projects which save the greatest total amount of energy for the investment involved. The Pease project did not rank high enough to make it into the FY 81 program. We certainly agree with your statement. However, we do not have the funds available to make the capital investments we need. In fact, the program before you now, which is a very carefully balanced program, represents only a small portion of our total capital requirements.

Senator HUMPHREY. Where does this project stand in terms of Air Force priority for base conservation measures?

Answer. The project is included in the FY 82 Program. In order of priority, it is at the $67 million level. It is 88th of 95 FY 83 energy conservation projects we have under design. As I indicated above, this priority is based strictly on E/C and B/C ranking.

Senator HUMPHREY. When does the Air Force expect to undertake the replacement of the water mains at Pease?

Answer. The project will be in the FY 82 program if, balanced against our requirements, we can get to the $67 million level in the energy conservation program.

Senator HUMPHREY. How much oil or energy is being wasted each year through heat loss through the present hot water main system?

Answer. We estimate that we would use about 850,000 fewer gallons of oil per year.

Senator HUMPHREY. What is the fair cost payback period for this project?

Answer. The payback is 7½ years.

Senator HUMPHREY. What problems were experienced this past year at Pease with respect to its hot water mains?

Answer. The problems were in the amount of heating required. The mains are in fairly good condition. The insulation on the mains has broken down over the years. Ground water gets to the mains and reduces the temperature of the supply and return water. This means more energy has to be used to keep enough hot water running in the lines.

The laterals from the mains to individual buildings are in worse shape, and it is here that we may expect a problem.

Senator HUMPHREY. What would be the impact on Pease's mission if a loop system failed in the middle of the winter during the heavy heating season?

Answer. The mission impact would not be great, but some of our people would be very uncomfortable. As I indicated, we would not expect a high temperature hot water main to fail. It would be much more likely that a lateral would fail. The result would be loss of heat to one or several buildings. Depending on how deep the line is buried, it could take up to a week to make repairs.

Senator HUMPHREY. When is the last time someone from HQ USAF was in the field and saw first-hand the condition of the heating system at Pease?

ANSWER. We have not had a Headquarters USAF Civil Engineer at Pease in the recent past. In June 1979 a SAC Installation Project Review Team reviewed the project on site, and in early March 1980 a SAC specialist went to Peace specifically to review the heat line problems.

FLUID ENERGY PROCESSING & EQUIPMENT CO.,
Hatfield, Pa., April 17, 1980.

Senator GARY HART,
Chairman, Senate Armed Service Committee on Military Construction, Russell Senate Office Building, Washington, D.C.

(Attention of Mr. James C. Smith.)

DEAR SENATOR HART: The accompanying statement is being submitted at this time because I was previously unaware of the March 24 hearing on efforts to convert heating plants at military installations from oil and gas to coal.

I shall appreciate your inserting this material into the records of that hearing.

Very truly yours,

EDWARD VAN VLIET,
President.

Enclosures.

STATEMENT TO THE SUBCOMMITTEE ON MILITARY CONSTRUCTION

My name is Edward Van Vliet. I am president of Fluid Energy Processing & Equipment Company, whose products include an apparatus for micronizing coal into particles that can be mixed with oil and remain suspended without additives. In the micronizing process, most of the pyrite sulphur and much of the ash content of the coal is reduced, thereby reducing environmental problems.

Fluid Energy, the leading manufacturer of jet mills for the micronization of various products represents 30 years of research and experience in grinding coal and its mixture with oil. Its equipment and systems in coal/oil mix has been used in pilot plant projects by leading corporations; namely, Bethlehem Steel Corporation, Florida Power Corporation, Celanese Corporation, and General Motors. The Slab Fork Corporation of West Virginia, has been using the "Fluid" equipment for ten years to micronize coal and produce a carbon black for use in the rubber and plastic industries. The Micron Filler Corporation is contructing a plant in West Virginia for micronizing coal in a venture agreement with the Harwick Chemical Corporation of Akron, Ohio and Fluid Energy.

The theory of mixing coal with oil as an energy source has been known for many decades. Its economy feasibility is only now, because of the oil shortage and the escalation of oil prices, been brought into focus.

The United States has 48 percent of the known reserves of coal in the world and its quality is unsurpassed. There is a sufficient supply of coal, at our present rate of consumption, to last for many centuries.

The cost of oil is now exceeding $6 million BTU's. The cost of processed delivered coal average under $2 per million BTU's.

Logically and economically for this country to achieve self-sufficiency in energy, in the near term, prevent blackmail and control inflation, we should use our resource of abundance—coal.

The question arises, how to use this abundant source of energy under present environmental restrictions? The detractors of coal argue:

1. That it is dirty and pollutes the air.
2. That it is high in sulphur and emits sulphur dioxide.
3. That it is bulky and difficult and costly to transport.
4. That the capital cost of converting present equipment would run into the billions of dollars and would take many years to accomplish.

To eliminate most of these objections, and to immediately implement an alternative source of energy, the coal/oil mix technology is the logical and only immediate alternative:

1. Coal can be pulverized or micronized down to an average of approximately three microns (smaller than face powder). Mixed with oil on a 50/50 or 40/60 basis, these particulates will remain in suspension, thus greatly eliminating the dirty aspects of transporting and handling coal and its resultant dust problems.

2. Approximately 70% of the coal deposits in the United States average under 2%, in sulphus with approximately 50% of such sulphur being in the form of pyritic sulphur. Pyritic sulphur is relatively easily removed in the coal micronization technology. New C.P.A. regulations on sulphur emissions, for large combuston units, requires 70% removal of the sulphur or sulphur dioxide. Under our system, which on the average will remove 40–50% of the sulphur, credit will be given against the 70%; therefore, expense and sophisticated scrubbing equipment will not be required. It should be noted here that lighter of low sulphur crude oils are commanding prices which are becoming unconscionable as a source of raw energy.

3. Eventually, the coal/oil mix will be transported through our present oil pipeline system.

4. Of greatest importance, the coal/oil mix can immediately be made available for utility and industrial plants and used in their present combustion systems without conversion. Precipitators or ash particulate collectors may have to be installed depending upon the quality of the coal and percentage used. Not only will this alternate source of energy reduce fuel bills by 15–25%, but what form of insurance could be cheaper if the foreign supply of oil is reduced or terminated.

The Fluid Energy technology and systems known as "Comco" differs with the recent research by the D.O.E. in that the D.O.E. is using conventional grinding equipment for the pulverization of the coal while we micronize the coal by jet milling, attaining a much smaller size consistency. The advantages of our technique are as follows:

1. Micronized coal stays in suspension with oil without stratification; therefore the costly adding of chemicals for emulsification and/or the adding of equipment for homogenization is eliminated.

2. Particulates, because of their small size, are effectively and totally fired without resultant unburned carbon fly ash. The fast drip and cooling, in combustion, of larger pieces without full and effective burning is eliminated.

3. The "Comco" system and the control of the maximum top size to approximately forty microns eliminates the danger of clogging or bridging in the nozzles, pumps, and related systems of the combustion system.

4. Micronized coal causes less erosion on the flow equipment. Erosion of the machinery is not a major problem, if the proper coals (more friable) are used. There are large reserves of friable coals available especially in Eastern Appalachia, if the higher sulphur coals are allowed to be used and beneficiated. Fluid Energy systems have back-up or reserve mills for the non-interruption of production, when mills are being relined. Fluid Energy will make available service contracts for relining of the jet mills in order to establish fixed costs for such repairs. Fluid Energy will continue its research into coatings of mills for the utilization of less friable coals.

5. The micronized coal system, due to the application of heat and air, thoroughly dries the coal, thus eliminating moisture and prevents the danger of the product freezing in the winter months.

6. The micronized coal system can automatically take off the heavier impurities in the coal because of the difference in gravity in the air stream. This is particularly true of pyritic sulphur (80–90% effective).

7. The ash from micronized coal, due to its small size, is readily captured by the air stream during combustion and, in turn, captured by the precipitators or in the bag house. There is very little bottom ash accumulation and, if necessary, is readily blown out. There is very little, if any, agglomerating.

8. Supply can be maintained through already established channels of distribution. One ton of coal, for example, can be used to mix by weight with 11 barrels of oil, thus producing 18 barrels of coal/oil mix. Each barrel of mix will weigh approximately 50 pounds per barrel more than oil, although the BTU equivalency will remain approximately the same as the barrel of oil alone. The net savings per barrel of mix will follow the market differences of coal and oil.

9. The use of the coal/oil mix will eliminate the necessity of costly conversion of boilers and combustion equipment.

Cost analyses and related data are attached to this statement.

While recognizing the complete conversion of Military Installations from oil and gas to coal would reduce dependence upon foreign sources of fuel to a greater and more desirable degree, I would like to point out that coal/oil mixing offers the opportunity for immediate use in many plants, and at considerably lower costs.

I shall appreciate your including this statement in the record of the March 24 hearing. Our staff is at your call for further information relative to the technical and economic advantages of the Fluid Energy process.

PROJECT COSTS I

COST COMPARISON

Product	Btu, pound	Btu, gallon	Btu, barrel	Pound fuel, M Btu	Pound, gallon	Pound, barrel	Cost, gallon	Cost, barrel	Cost, M Btu
No. 2 F. O. (0.5 percent S)	19, 250	137, 605	5, 779, 410	51. 9	7. 14	299. 9	82. 90	34. 82	6. 03
No. 2 COM 40 (40 percent coal)	17, 150	143, 768	6, 038, 275	58. 3	8. 38	352. 1	68. 46	28. 75	4. 76
No. 6 F. O. (1 percent S)	18, 675	146, 865	6, 168. 330	53. 6	7. 92	332. 6	70. 72	29. 70	4. 79
No. 6 COM 40 (40 percent coal)	16, 805	151, 378	6, 357, 866	59. 5	9. 01	378. 3	59. 07	24. 81	3. 90

SAVINGS

Product	Cost, per barrel	Cost, per M Btu	Percen savings
No. 2 F.O. (0.5 percent S)	$34. 82	$6. 03	0
No. 2 COM 40 (40 percent coal)	28. 75	4. 76	21. 1
No. 6 F.O. (1 percent S)	29. 70	4. 79	0
No. 6 COM 40 (40 percent coal)	24. 81	3. 90	18. 58

Note: Micronized coal cost—$60/ton, 14,000 Btu/lb equals $2.14/MBtu.

PROJECT COSTS II

Coal micronization	3,500 lb/hr, air	5,000 lb/hr. steam
Equipment and installation	95, 000	100, 000
Air compressor	50, 000	
Boiler superheater		60, 000
Coal-oil equipment	38, 000	38, 000
Briquetting equipment	90, 000	90, 000
Engineering	30, 000	30, 000
Total	303, 000	318, 000
	8 tons/hr, air	Steam
Equipment and installation	350, 000	370, 000
Air compressor	200, 000	
Boiler superheater		160, 000
Coal-oil equipment	55, 000	55, 000
Briquetting equipment	90, 000	90, 000
Engineering	60, 000	60, 000
Total	755, 000	735, 000

PROJECT COSTS III

Cost of micronizing	3,000 lb/hr, (A) air	5,000 lb/hr, (B) stesm
1. Equipment and installation	$303,000	$318,000.
2. Amortization	$3.79/hr	$3.98/hr.
A. 303,000÷(10 yr×8,000 hr.)		
B. 318,000÷(10 yr×8,000 hr.)		
3. Labor (3 men)	$21/hr	$21/hr.
4. Maintenance	$1.89/hr	$1.99/hr.
A. 5 percent×303,000÷8,000 hr.		
B. 5 percent×318,000÷8,000 hr.		
5. Energy:		
A. 350 hp=261 kw/hr×0.03 kw/hr	$7.83/hr	$12.45/hr.
B. 5,000 lb/hr of superheated steam: Steam at $1.5 M Btu (8,300,000 Btu).		
Total	$34.51	$39.42.
6. A. $34.51÷3,000 lb/hr.=$0.0115/lb	$23/ton	
B. $39.42÷5,000 lb/hr.=$0.0078/lb	$15.76/ton	
7. Cost of coal=$37/ton; cost of micronization=$23/ton (total)	$60/ton.	
8. Btu calculation for boiler superheater (5B) 200 psig 700° F:		
A. Boiler=5,000 lb/hr×1,162 Btu lb	5,810,000 Btu	
B. Superheater=5,000 lb/hr×0.48×(700−380)	768,000 Btu	
Total	6,578,000 Btu.	
80-percent efficiency	8,300,000 Btu.	

	8 tons/hr, (A) air	10 tons/hr, (B) Steam
1. Equipment and installation	$755,000.	$753,000.
2. Amortization:		
A. 755,000÷10 yr×8,000 hr.	$9.44/hr	
B. 735,000÷10 yr×8,000 hr.		$9.19.
3. Labor (3 men)	$21/hr.	$21/hr.
4. Maintenance:		
A. 5 percent×755,000÷8,000 hr.	$4.72/hr	
B. 5 percent×735,000÷8,000 hr.		$4.59/hr.
5. Energy:		
A. 1,400 hp=1,044 kw/hr×0.03 kw/hr	$31.33/hr	$49.33/hr.
B. 20,000 lb/hr of superheated steam: Steam at $1.5 M Btu (32,890,000 Btu).		
Total	$66.49/hr	$84.11/hr.
6. A. $66.49/hr÷8 tons/hr	$8.31/ton	
B. $84.11/hr÷10 tons/hr		$8.41/ton.
7. Cost of coal=$37/ton; cost of micronization=$8.31/ton (total)	$45.31/ton.	
8. Btu calculation for boiler/superheater (5B) 200 psig 700°F:		
A. Boiler=20,000 lb/hr×1,162 Btu/lb	23,240,000 Btu	
B. Superheater=20,000 lb/hr×0.48 (700−380)		23,027,000 Btu.
Total	46,312,000 Btu.	
80-percent efficiency	32,870,000 Btu.	

Proximate analysis micronized coal

Moisture (percent)	1.00
Ash (percent)	8–9
Volatile (percent)	18–32
Sulphur (percent)	1
Btu's	14,150
FTA (degrees Farenheit)	2,650
Hardgrove	70–100

NOTE: Size consist: Average 3 to 4 microns; 100 percent through 325 mesh.

Senator HUDDLESTON. The subcommittees stand adjourned.

[Whereupon, at 4 p.m. the subcommittees adjourned.]

MILITARY CONSTRUCTION AUTHORIZATION, FISCAL YEAR 1981

WEDNESDAY, APRIL 17, 1980

U.S. SENATE,
SUBCOMMITTEE ON MILITARY CONSTRUCTION,
AND STOCKPILES,
COMMITTEE ON ARMED SERVICES,
SUBCOMMITTEE ON MILITARY CONSTRUCTION,
COMMITTEE ON APPROPRIATIONS,
Washington, D.C.

CONSTRUCTION OF SPACE SHUTTLE FACILITIES REPROGRAMING; FISCAL YEAR 1980 MILITARY CONSTRUCTION SUPPLEMENTAL; FISCAL YEAR 1981 MILITARY CONSTRUCTION BUDGET AMENDMENT

The subcommittees met jointly, pursuant to notice, at 2:10 p.m., in room 212, Russell Senate Office Building, Senator Gary Hart (chairman of the Subcommittee on Military Construction and Stockpiles of the Committee on Armed Services) and Senator Walter D. Huddleston (chairman of the Subcommittee on Military Construction of the Committee on Appropriations) presiding.

Members present: Senators Hart, Thurmond, Warner, and Huddleston.

Armed Services Committee staff: James C. Smith, Edward B. Kenney, professional staff members, Christine E. Cowart, assistant chief clerk, Marie Fabrizio Dickinson, clerical assistant.

Members' assistants present: Frank Krebs, assistant to Senator Cannon, and Christopher Lehman, assistant to Senator Warner.

Senator HART. The hearing will come to order.

This is one of a series of joint hearings held by the Senate authorization subcommittee having to do with military construction and the companion Subcommittee on Military Construction of the Appropriations Committee.

Today we are to hear first from the Secretary of the Air Force on the Space Shuttle launch complex.

This hearing is in executive session and I understand, Mr. Secretary, all those accompanying you have the necessary clearances; is that correct?

Secretary MARK. Yes, sir.

Senator HART. Following Secretary Mark's statement, we will be hearing from other representatives of the Defense Department, Army, Navy and Air Force, on other facilities that we have previously conducted hearings on, and particularly to determine our budgetary problems and authorization and appropriation decisions with regard to new facilities.

We will welcome that testimony after we have heard the Secretary on the Space Shuttle.

Mr. Secretary, we are pleased to have you today.

Senator Huddleston, chairman of the Military Construction Appropriations Subcommittee will be here shortly.

We have the text of your statement which is unclassified. If you wish to summarize, that is perfectly agreeable to us.

I understand that nothing in your summary is to be classified. So, will you proceed.

STATEMENT OF HON. HANS MARK, SECRETARY OF THE AIR FORCE; ACCOMPANIED BY MAJ. GEN. WILLIAM D. GILBERT, USAF, DIRECTOR, ENGINEERING AND SERVICES, OFFICE OF THE DEPUTY CHIEF OF STAFF, LOGISTICS AND ENGINEERING, USAF

Secretary MARK. Mr. Chairman, thank you for the opportunity that you have provided us to appear before the committee.

I am accompanied by Gen. William Gilbert, who is the chief of the Air Force's civil engineering organization in the Pentagon who has the detailed numbers.

As you have already said, I have submitted a prepared statement which, with your permission. I would like to request be entered into the record. (See prepared statement, p. 295.) I will summarize some of the salient points.

Senator HART. We are pleased to have General Gilbert back, also.

Secretary MARK. We are here to request a substantial reprograming for the construction of the west coast launch complex for the Space Shuttle.

The Space Shuttle, as you all know, is the new launch vehicle which this country has been developing for some 8 years now. We are close to the point where it will be flown and put into operation.

I would like to talk a little bit about some recent history, if I may, because there have been problems and changes in the Space Shuttle program that ought to be understood.

The technical problems that we have had have been reasonably serious, and I could not in good conscience appear before this committee and ask for the reprograming of this large sum of money unless I had personally looked into the technical situation in the Space Shuttle program and come away convinced that the schedule we are proposing is technically feasible.

I spent about 8 weeks doing that and I would like to give you a short report on where we stand.

SPACE SHUTTLE PROGRAM

We have encountered three separate problem areas in the creation of the Space Shuttle vehicle. One has to do with the development of the main engine, one has to do with the development of the thermal protection system, and one has to do with understanding the flight properties of the vehicle.

The engine program has made good progress in the last 8 years. In fact, since I started doing this personal review, we have had two runs of the main engine at full power level, two successful runs of 6 minutes each. I believe that we are overcoming the technical difficulties of making a high-pressure, high-power rocket engine work.

In the case of the thermal protection system, we have also made some progress, but I can't be as optimistic yet about our understanding of the situation there as I can in the case of the engines. I do believe there are no fundamental problems; there is nothing that has to do with violation of laws of nature or things of that kind, but there are engineering difficulties that we still must overcome.

Nevertheless, I believe the schedule we have is such that we do have enough time to fix what we need to fix before the scheduled launch late this year or early next year.

The flight controls, I think, will be the easiest to deal with, because we have very good simulation facilities and although there are things that need to be done, they present the least difficult of the chores that we have to finish.

In addition to the vehicle itself, I have also looked at the payloads, because it makes no sense to assure yourself that the vehicle will work if you can't also assure yourself that the first payloads that are scheduled to fly are also making progress.

We have two critical national security launches in 1983 and 1984. One is on the east coast and one is on the west coast. Both of the payload spacecraft that will be flown on those launch dates are making progress. The 1983 launch, I think, is relatively simple. The so-called "long pole in the tent" is the launch area and not the spacecraft.

In the case of the 1984 launch, I think we and NASA will converge properly at the right date. Both the schedule for the payload and that for the launch vehicle are tight, but "doable."

The ground facility for which the Air Force is responsible, the one at Vandenberg, and the Consolidated Space Operations Center that appears in our plans this year, are keyed to the production schedule of the Shuttle Orbiters, and the launch schedule of these two critical national security payloads, which I just mentioned.

We would like to have the Vandenberg launch facility ready to go for the launch in the fall of 1984 and we would like to be able to begin the mission control of those missions related to the national security from the new facility at the Consolidated Space Operations Center shortly thereafter.

The whole schedule, therefore, is related to using the Space Shuttle for missions that have the highest priority in our national security space programs.

I want now to talk a little bit about the problems that we have had at Vandenberg. To some extent they are a reflection of the turbulence in our national economy.

SPACE SHUTTLE COST GROWTH

We have had a cost growth of some $82 million in this project which was originally programed at something of the order of $118 million, so this is a 70-percent increase in the program; it is due partially to inflation and partially to wild fluctuations in commodity prices during the period that we had the contractors bid on this program. Last year, the price of things like copper, steel, and other materials that go into the facility fluctuated much more than normally, therefore the contractors put in bids that covered them against these fluctuations.

In addition, we have a problem in California, where the construction industry is heavily loaded with building other facilities. Specifically, the liquid natural gas facility that is going in at the same time at Point Conception will make it more difficult for construction firms to do this program on schedule. All of these things put together have caused a cost growth that we are here to discuss.

We had a painful decision to make, Mr. Chairman, with respect to how to handle this cost growth. We could have come back to the Congress and asked for an addition, but recognizing the President's desire to balance the budget, we elected rather to request a reprograming of funds from other projects, recognizing that this reprograming hurts other military construction programs in the Air Force.

This was a difficult decision for us to reach because many of the programs that we will have to defer for a year are very badly needed items in our base modernization programs, in our construction programs overseas and generally in things that help our people cope more readily—hospitals, things of that kind.

It is only because the Space Shuttle program is a program that the President himself has put at a very high level of national priority that we felt we should do this.

I believe that the commitment this Nation has made to the creation of this new launch vehicle is one that will enhance our ability to operate in space at a crucial period in our history, because the missions that we will do are things on which political decisions and national security decisions, things such as arms control treaties and so on, will be based, and it is terribly, terribly important for this country to lead in that effort, and to be able to develop positions in such negotiations and in such situations before our adversaries can do so.

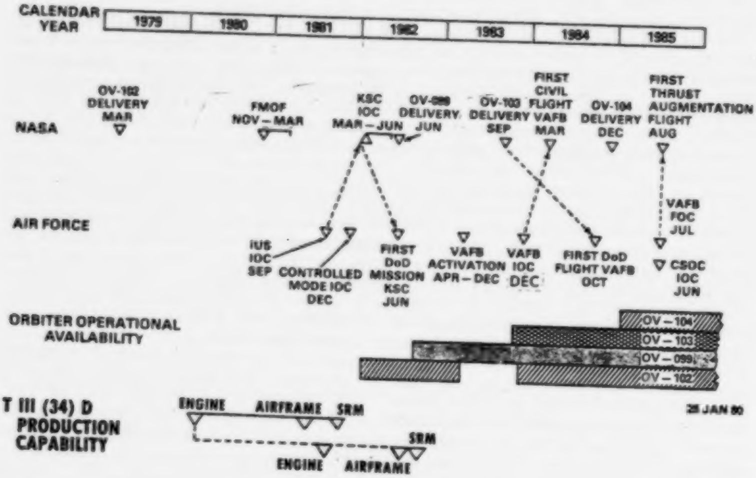
It is for that reason, sir, that we believe the capability that this launch vehicle will give us is so important.

I believe that the schedule that we are proposing for the Shuttle and the associated constructions that are shown on this chart can be met. It is not going to be easy, Mr. Chairman. The contingency pads, that we had in that schedule over the years are now gone.

We are now at the point where we must go and do it. From now on it is tough, but nothing worth doing, sir, is ever easy. It is a case of getting up our will power and pushing it through.

SPACE SHUTTLE

COORDINATED SHUTTLE OPERATIONS MILESTONES



I appreciate the opportunity to be here and to discuss this with you. We are happy to answer any questions.

[The prepared statement of Secretary Mark follows:]

PREPARED STATEMENT OF HON. HANS MARK, SECRETARY OF THE AIR FORCE

SUBJECT: COST VARIATION AND REPROGRAMING—SPACE SHUTTLE LAUNCH COMPLEX

Mr. Chairman and members of the committees, today, the Air Force is requesting increased authorization and reprograming authority for construction of the Space Shuttle Launch Complex at Vandenberg Air Force Base. I would like to take this opportunity to discuss our request in the context of an extensive review that I have made of the overall Space Shuttle Program.

Let me begin with some recent history. Last November, the President reaffirmed the Administration's commitment to the Space Shuttle and decided to ask the Congress for the necessary funds in the NASA budget to maintain the production schedule for the Shuttle Orbiters. The House and Senate Budget Committees have both acted favorably upon this request by raising the limit of the Science and Technology Budget to accommodate NASA's request. I am optimistic that the full Congress will also approve the NASA request. At the same time, we (the Air Force) have continued to pursue our portion of the Shuttle program, the bulk of which is the construction of the west coast Shuttle launch facility at the Vandenberg Air Force Base. As you know, we have encountered serious cost growth problems in the area of military construction. The majority of this cost growth has been due to inflationary pressures and to unstable conditions in the construction industry in California. Specifically, we had programed approximately $118.2 million in military construction funds for the launch complex at Vandenberg in fiscal years 1979 and 80. Two months ago, upon opening the contractor bids for a large portion of this complex, we discovered our estimate was low by almost a factor of two, and that this construction would cost approximately $200.6 million. Since our total military construction for fiscal year 1980 is $565 million, the impact of this cost growth on the Air Force military construction program is enormous.

Therefore, before deciding to proceed with this expenditure and with the co
sequent delay of other vital military construction programs, a thorough revi
of the entire situation seemed to me to be essential. In view of the large c
growths experienced both by NASA and the Air Force's military constructi
program, I could not in good conscience recommend that we proceed witho
first convincing myself thoroughly that the Shuttle program and our milita
construction could actually be executed in a technical sense.

In the last six weeks, I have met with NASA, Air Force and intelligence co
munity groups in order to look at all aspects of the Shuttle program and pa
ticularly how national security related payloads will phase into the Space Shutt
With respect to the Orbiter itself, I have reviewed the contractor's program
Rockwell International and have also visited NASA Headquarters and field i
stallations in order to understand more clearly where this program stands. Whi
there are still technical and management problems that must be solved, it is m
considered opinion that the Shuttle Orbiters—all four of them—can be co
pleted on the current schedule. Recent results of the Shuttle main engine tes
have been particularly encouraging in that respect. The engines work reliab
at rated power levels which are sufficient to start the orbital flight test progra
A full power run (10 percent above rated power) of six minutes duration h
recently been completed and further testing at this power level is planned. Ther
are still unresolved problems in the testing of the thermal protection syste
These problems are related to developing a test protocol that will give us th
necessary assurance that the vehicle can be safely flown. I believe that these prob
lems can also be overcome by persistent and sustained effort.

I have also reviewed the two critical national security spacecraft program
that will be launched using the Shuttle, one at the Kennedy Space Center o
the east coast in 1983 and the other at Vandenberg Air Force Base in 198
Both of these programs are on schedule and the spacecraft can be mated to th
Shuttle Orbiters on the currently required launch dates provided that the su
plemental funds that NASA has requested are actually granted. Both of th
schedules are relatively tight but there is enough leeway in each that I believ
will make it possible to meet the currently projected launch dates.

The Military Construction Program at Vandenberg Air Force Base can stil
support the critical defense launch requirements in 1984. I have held a join
meeting of the spacecraft project managers and the project managers of the
construction program and there is general agreement on this point—provided
that the launch complex construction funds are made available as rapidly as
possible.

In view of the fact that the Shuttle program is a national commitment of long
standing, and a commitment that President Carter has recently reaffirmed, I
have identified other Air Force Military Construction Programs from which funds can be reprogramed to cover the cost growth in the Vandenberg Air Force Base launch complex. Unfortunately, the only program flexibility we had to accommodate the cost increase was to defer projects which impact severely on the facilities where our people work and live. To alleviate this impact, I am requesting funds in the fiscal year 1982 Military Construction Program to permit recovery from the serious military construction shortfall.

It is my considered opinion that the Shuttle Program can and should be continued on the current schedule. It is vital to the national security in the sense that it will give us capabilities to operate in space that we do not now possess. As I have outlined, there are two areas in which we need Congressional support in keeping the Space Shuttle program on schedule. One is the NASA budget request—and, Congressional action in this area has been positive. The second one is our requests to your Committees to increase the authorization of the Vandenberg Launch Complex construction project from $118.2 million to $200.6 million and for reprograming actions to fund the increase.

Mr. Chairmen, with me is Major General Gilbert, the Air Force Director of Engineering and Services. We will be happy to respond to any questions you may have.

Senator HART. Thank you very much, Mr. Secretary.

General Gilbert, did you wish to add anything to that statement?

General GILBERT. No, sir.

Senator HART. Mr. Secretary, you testified that you are looking at two relatively early launches, 1983 and 1984; is that correct?

Secretary MARK. Yes, sir. We have one launch in April 1983, from the Kennedy Space Center, and another one in October 1984, from Vandenberg. The October 1984, launch will be the first one from the west coast, and it is in order to hold that schedule that we require the reprograming.

Senator HART. So, to a degree the amount of money is driven by the desire to meet that launch schedule?

Secretary MARK. Yes, sir.

Senator HART. Can you tell the committees why that launch schedule is important to meet?

Secretary MARK. The 1984 launch, Mr. Chairman, will be an [deleted].

It is critical to hold that schedule. [Deleted.]

Senator HART. I just have two or three other questions. One has to do with the cost growth factor that is somewhat historic.

I would like to walk you through that, to get your conclusions on it. This program, as you know, was brought to our attention in fiscal 1979, when the Air Force asked for $145 million. I think at that time they testified that the total cost would not exceed $250 million or $252 million.

The authorization subcommittee at that time took the position that the planning was very incomplete and that estimates were very tenuous and, therefore, the program ought to be deferred a year.

The arguments brought to us were not totally persuasive. That was overturned in the full committee. Then the Air Force pressed that they had to have the money in fiscal 1979 to meet scheduled launch dates and, again, promised the program would be accomplished within the $252 million ceiling.

Last year, fiscal 1980, General Gilbert testified that things had slipped and costs had gone up, and the total cost was estimated at $328 million.

Now we are up, as you indicated, to pretty much of a crisis situation; costs have gone up to $447 million. You are $80 million short on the contract for the launch complex. As you have testified here, the entire Air Force construction program is at a standstill with no contracts for any projects being awarded and no bids being opened.

In brief, why has the cost of the Space Shuttle facility gone up by nearly a factor of two?

Secretary MARK. I think it has been a combination, sir, of design changes, underestimates of material quantities needed for the construction, inflation and general turbulence in the industry and perhaps a realization on the part of some of the contractors bidding for the job that this is not an ordinary highway construction program, but one that requires a great deal of sophisticated engineering to meet the tolerances and the specifications that we have in the program.

The design changes, the new requirements that are put on, arise from the fact that we have changes in the vehicle itself that come along for which the facilities need accommodation.

I wish I could say something that would be more satisfying, sir; I am afraid that in the construction of facilities that deal with new equipment and with new things, our forecasting methods just weren't too good.

Senator HART. I am not arguing now, nor did I 2 years ago, against the Space Shuttle. I have never been against it.

I guess what I am concerned about is the cost estimate methods. Essentially we go back as stewards for the taxpayers to assure that when we buy something we know what it is going to cost at that time.

So our effort in the subcommittee 2 years ago in raising the question was not to defeat the Shuttle but, rather, to sharpen up what we thought were soft estimates 2 years ago and what have proven us to be right.

What assurance do we have that this won't double again? How firm are these figures?

Secretary MARK. One answer to the question is that as the program proceeds, as you spend more and more money and time doing something, the figures become better, because you know more clearly what it is that you are doing.

Senator HART. The difficulty, of course, is that you already have come in for large cost growth, as I say.

Secretary MARK. May I make a general point about this? The cost of programs tend to follow certain patterns and maybe this is the best way to answer your question. If you ask when do the cost growths in an estimate occur, the answer is that they generally occur in two places: One is before you really start to bend any hardware at all, before you start to build things or do things, where your estimates change with the growing risk factors that the contractors put in. We have just gone through that period; that is, we are now about to really begin to do things. We have cleared away the old pad out there and we are now about to start putting in the new equipment.

There is another period of crisis in any program of this kind, when you put things together and they don't quite work.

So, sometimes you get cost growth in the period when everything has to be made to fit and work. I am quite confident that next year we will not show a very big change, partly because we will not be to that point by then.

I think the next period where we could get into trouble is when we put the bird together and we find that something was not done quite right. Then you have to go back and sometimes make changes.

In short, from the point of view of the cost growth which occurs during planning and estimating, which is what we have been in, we are now, I believe, quite firm. From the point of view of cost growth that may occur if we have technical trouble when the thing is put together, that still remains to be seen. I hope we can make all of this work without too many changes; but my experience tells me that we always do have some problems in the end.

I can only say that we will put the best minds on it that we have to minimize such problems.

Senator HART. We still have a 1980 supplemental pending.

Was there any reason why this request was not included in the 1980 supplemental rather than in the 1981 budget?

Secretary MARK. Yes, sir. We had to make a decision as to whether to put this in the supplemental or not. When we made the decision to ask for the supplemental, that is, when NASA made the decision to ask for its supplemental on the Space Shuttle, to which this is really related, we didn't know that we had a cost problem. You see, we did not know of this particular cost growth until the bids were opened at the end of January and the beginning of February, by which time the NASA supplemental had already been submitted to the Congress.

We elected, therefore, to go the route of reprograming, rather than asking for a supplemental.

I think in hindsight from the point of view of the hurt that we have to suffer in our other military constructions, it might have been better to try to get a supplemental appropriation; but I think it was our judgment at the time that given the tight schedule that we had to meet, which meant that we needed the money this year, it would be better to try for reprograming.

Senator HART. We have a list of projects for the Air Force authorized in 1979 which I understand there has been no movement on. I understand what you are suggesting is the use of funds authorized there to pay for this increase.

I have a couple of procedural questions. One is, why are there so many fiscal 1979 projects that are still not under contract and what are you going to do about these projects? If you don't do something, the authorization will expire October 1 of this year.

Secretary MARK. I don't think they are all fiscal 1979.

Would you answer that please, General Gilbert?

General GILBERT. Mr. Chairman, part of this request also is asking your committee to extend about $44 million worth of 1979 items beyond October, so that we can continue to provide those projects to the Air Force as the fund situation clears up, hopefully, and certainly, by 1982.

To answer your question on why some of the 1979 items were still not under contract, there were several reasons: We had some design problems; we had some cost overrun problems and went back and did some redesign on many of them, to try to get them within the programed amount; and then many of them were in the energy area where we had partial energy conservation systems being installed on our bases and until that was over it would be difficult to award a project and have two contractors working in the same area at the same time. That is the case in the projects that we are trying to extend, a system on our Air Force bases for monitoring of energy use.

Those things combined caused us to arrive at the new fiscal year with some of the 1979 items not under contract. Hopefully, as I say, the committee will extend those projects that we have asked the committee to consider, because they are still valid and we still need them.

Senator HART. I only note, finally, that one of those is the addition to the Air Force Academy Library. I feel very strongly about that, in two respects: As a representative of the State and a member of the board of visitors of the Academy, I hate to see things like that deferred.

Secretary MARK. That project specifically is not quite in final design yet; it is one that we have done considerable redesign on because of cost growth.

I can assure the chairman that one is merely in a temporarily deferred status and will be awarded in the not too distant future. It is not one that we are looking to holding off on the marketplace for a year.

Senator HART. Thank you.

Senator Huddleston?

Senator HUDDLESTON. Thank you, Mr. Chairman.

It is my understanding that you did a pretty thorough job of making an estimate on this last contract at Vandenberg, and had as good advice and counsel, independent counsel, on the projected cost as you could possibly get. Consequently, it was something of a surprise when the bids came in at the level they did.

I think you probably made the right decision to proceed with those bids. You took into account, as you mentioned, the level of contractor activity out there and the influence it may have.

But in very recent days or weeks we are apparently seeing a considerable slowdown in construction because of high interest rates and other economic factors.

Is there any significant change in the west coast construction situation?

Secretary **Mark**. There are two factors: One is the residential contracting, which is the thing that has fluctuated. I think it will ease the situation, but the problem we have at Vandenberg is a local one, sir, because the Vandenberg area has three large construction programs going on simultaneously. We have the experimental MX facility, a few miles down the coast we have the Shuttle launch complex, and a few miles further down the coast we have a $300 million liquid gas facility. All of these require the kind of construction, advanced technical construction, that we are talking about here.

There is no question in my mind that those three things together strain the capability and contribute to bidding up skilled labor and all things necessary to do these things.

I am hoping, as time goes on, that the attempt to control the economy will help us in the long run; but I am not sure I can sit here today and guarantee that, sir.

Senator **Huddleston**. It looks like it might ease off at the subcontracting level?

Secretary **Mark**. It may help.

Senator **Huddleston**. Have these contracts been awarded, or are you awaiting action on the reprograming?

Secretary **Mark**. We are awaiting the action on the reprograming. If I may, sir, we have a chart here that shows the packages.

REVISED LAUNCH COMPLEX COST ESTIMATE

	OCT CWE	REVISED CWE	COST Δ	CHG'S INCL IN COST Δ
PKG I - DEMOLITION	$4.8	$4.8	0	
PKG II - ACCESS TOWER, PAD, LAUNCH MOUNT, & PAYLOAD PREP ROOM	73.9	128.0	54.1	18.3
PKG III - PCR & MST	35.5	60.8	25.3	6.3
PKG IV - LCC MODS	4.0	7.0	3.0	0.7
MCP	$118.2*	$200.6	$82.4	$25.3

*INCLUDES $13.6 M (T/A) IN FY-80 MCP

This is the situation; package I is the demolition and preparation of the site, and that has been done.

Package II is the one we are talking about. You see that one was estimated at $73.9 million. Mr. Huddleston, you are quite right, we did get all kinds of advice on that. And our advisers came in with an estimate very close to that, $70 million. I was therefore surprised when the bids were opened. I was shocked. I might add, in my old laboratory in Mountain View, which is 200 miles north, bids for large construction program a new wind tunnel, were opened almost at the same time, and exactly the same thing happened. Like us they had developed their own estimates, but theirs, like ours, were 6 months old.

You see, we both got our own estimates in the summer, and by the time the bids were opened at the end of last year or the beginning of this one, people had gotten so squirrely that their estimate went way up.

Anyway, that is the problem with the contract that we must award in the next week or so, or lose the schedule. You see, if the contractor does not hold his bid open, then we have to rebid, which costs us 3 or 4 months, and then the October 1984 date begins to look uncomfortable.

Senator HUDDLESTON. There is certainly no assurance that it will come in lower?

Secretary MARK. That is right.

Package III is the one on which we are about to go out for bids. As you see that one was estimated last July at $35.5 million; we are now estimating $60.8 million. That is an estimate; it is conceivable that those bids will come in lower because of some of the factors that you have mentioned.

But even though the economy has slowed down a bit, I hesitate—having been bitten by the package II experience—to sit here and be very optimistic about that.

Package IV is another one that has gone out on the street. We estimated $4 million; it came back at $7 million.

So that is the history of the situation out there. You can see the difference between $11 million, which is what we had estimated last year, and the $200.6 million for which we are asking authorization today.

Senator HUDDLESTON. I appreciate the dilemma that you are in, as to whether to go to reprograming or ask for additional funds. I know there is a lot of concern here in Congress about holding down the 1980 expenditures.

I have no further questions.

Senator HART. Mr. Secretary, for the record, will you provide us necessary legislative language to accommodate all of the lists of projects that we are talking about referring here that we could consider during markup, either on the 1980 supplemental or 1981 regular authorization budgets, in case we choose to do so?

Secretary MARK. Yes, sir.

[The information was not received in time for printing.]

Senator HART. I don't believe we have further questions.

We appreciate your being here today. I understand General Gilbert will be staying?

General **Gilbert**. Yes, sir.

Senator **Hart**. Thank you.

Secretary **Mark**. Thank you, Mr. Chairman.

Senator **Hart**. Our next set of witnesses is Mr. Rollence, Director, Facilities Programing, for the Office of the Deputy Assistant Secretary of Defense/Installations and Housing; David M. Ransom, Office of the Assistant Secretary of Defense/International Security affairs; General Irions, Deputy Director, Strategic Mobility, Organization of the Joint Chiefs of Staff.

I understand you are accompanied by the various services who might array themselves so that they are available.

General Read, from the Army; Admiral Moreau and Admiral Iselin of the Navy; General Trundy, Marine Corps, and also General Gilbert from the Air Force.

CHANGES TO MILITARY CONSTRUCTION PROGRAM

STATEMENT BY JOHN F. ROLLENCE, DIRECTOR, FACILITIES PROGRAMING, OFFICE OF THE DEPUTY ASSISTANT SECRETARY OF DEFENSE (INSTALLATIONS AND HOUSING); DAVID M. RANSOM, OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE (INTERNATIONAL SECURITY AFFAIRS); MAJ. GEN. C. C. IRIONS, USAF, DEPUTY DIRECTOR, STRATEGIC MOBILITY, OFFICE OF THE JOINT CHIEFS OF STAFF; MAJ. GEN. WILLIAM E. READ, USA, ASSISTANT CHIEF OF ENGINEERS, OFFICE OF THE CHIEF OF ENGINEERS, DEPARTMENT OF THE ARMY; REAR ADM. A. S. MOREAU, JR., USN, DIRECTOR, STRATEGY, PLANS AND POLICY DIVISION, OFFICE OF DEPUTY CHIEF OF NAVAL OPEATIONS (PLANS, POLICY AND OPERATIONS); REAR ADM. D. G. ISELIN, USN, COMMANDER, NAVAL FACILITIES ENGINEERING COMMAND; BRIG. GEN. R. T. TRUNDY, USMC, DIRECTOR, FACILITIES AND SERVICES DIVISION, OFFICE OF THE UNDER DEPUTY CHIEF OF STAFF FOR INSTALLATIONS AND LOGISTICS; AND MAJ. GEN. WILLIAM D. GILBERT, USAF, DIRECTOR, ENGINEERING AND SERVICES, OFFICE OF THE DEPUTY CHIEF OF STAFF, LOGISTICS AND ENGINEERING

Senator **Hart**. Mr. Rollence, why don't you lead off?

Mr. **Rollence**. Mr. Chairman, I have a very short statement with a rather sizable enclosure. I would like to insert it in the record, if I may.

Senator **Hart**. Without objection.

Mr. **Rollence**. I will brief my remarks.

Mr. Chairman, on March 31, 1980, the President forwarded to the Congress revisions to the Federal budget for fiscal year 1981. Included within these revisions are changes to the military construction program that affect both fiscal year 1980 and 1981.

These changes are required to reflect updated fuel costs, to adjust for new inflation assumptions, and for the financing of facilities to support increased military operations in the Indian Ocean area.

The budget revision includes new military construction requirements totaling $117.4 million for fiscal year 1980, and $407 million for fiscal year 1981.

In order to help reduce the total budget request, $5.3 million of military construction funds were identified as capable of being absorbed within existing military construction resources, and an additional $89.2 million is proposed for transfer from existing DOD appropriations to support the fiscal year 1980 supplemental program.

The net result is a request for $22.9 million in new appropriations and approval of appropriation transfer language to full fund the fiscal year 1980 supplemental request.

The fiscal year 1980 revised request will also require additional authorization of $23.5 million.

For fiscal year 1981, $224.6 million of military construction funds have been identified as offsets to the revised program request. This results in a net increase of $182.4 million in new appropriations and $221.2 million in new authorization for fiscal year 1981.

I have attached to this statement a detailed listing of the increases and decreases to the enacted fiscal year 1980 and the initial fiscal year 1981 military construction program submission which will show more clearly the individual changes proposed.

The following table summarizes the authorization and appropriation changes to the fiscal year 1980 and 1981 military construction programs for each of the Defense components.

[The chart follows:]

DEPARTMENT OF DEFENSE

[In millions of dollars]

	Authorization		Appropriation transfer	
	Fiscal year 1980 enacted	Fiscal year 1980S request	Fiscal year 1980 enacted	Fiscal year 1980S request
Fiscal year 1980 supplemental:				
Army	768.1		725.6	+4.0
Navy	489.6	+23.5	567.0	+42.5
Air Force	542.7		565.5	+24.7
Defense agencies	60.3		42.4	
NATO infrastructure	185.0		150.0	
Guard/Reserve forces	98.2		120.0	
Family housing	1,694.9		1,623.1	+40.9
Foreign currency fund			125.0	
Total	3,838.8	+23.5	3,918.6	+112.1

	Authorization		Appropriation	
	Fiscal year 1981 request	Fiscal year 1981A request	Fiscal year 1981 request	Fiscal year 1981A request
Fiscal year 1981 amendment:				
Army	895.6	−52.3	980.3	−69.2
Navy	898.1	+68.0	703.0	+60.6
Air Force	619.7	+118.0	815.3	+103.5
Defense agencies	293.9		235.7	
NATO infrastructure	300.0		300.0	
Guard/Reserve forces	188.3	−10.0	216.7	−10.0
Family housing	2,098.5	+97.5	2,098.5	+97.5
Total	5,294.1	+221.2	5,349.5	+182.5

ENCLOSURE 1

FISCAL YEAR 1980 SUPPLEMENTAL, MILITARY CONSTRUCTION PROGRAM

[In millions of dollars]

	Additions to program	New appropriation	Appropriation transfer[1]	Absorption
Army: Various locations, planning and design	4.300	0	4.0	0.300
Navy:				
NSF Diego Garcia, facility expansion	[2] 23.500	0	23.500	0
Various locations, planning and design	19.000	0	19.000	0
Subtotal	42.500	0	42.500	0
Air Force: Various locations, planning and design	24.700	0	24.700	0
Family housing: Operation and maintenance, fuel price and inflation	45.922	22.922	18.000	5.000
Total	117.422	22.922	89.200	5.300

[1] Appropriation transfers require appropriation legislation for:
$4,000,000 transfer from shipbuilding and conversion, Navy 1980/1984.
$23,500,000 transfer from shipbuilding and conversion, Navy 1980/1984.
$19,000,000 transfer from shipbuilding and conversion, Navy 1980/1984.
$24,700,000 transfer from shipbuilding and conversion, Navy 1980/1984.
$18,000,000 transfer from aircraft procurement, Air Force, 1978/1980.

[2] Requires additional authorization.

ENCLOSURE 2

AMENDED FISCAL YEAR 1981 MILITARY CONSTRUCTION PROGRAM

	Increase	Decrease	Net change
Authorization:			
Army	21.361	73.650	−52.289
Navy	139.000	71.000	+68.000
Air Force	137.200	19.200	+118.000
Family housing	97.526		+97.526
Guard and Reserve:			
Army National Guard		1.000	−1.000
Army Reserve		1.000	−1.000
Air National Guard		7.000	−7.000
Air Force Reserve		1.000	−1.000
Subtotal		10.000	−10.000
Total	395.087	173.850	221.237
Appropriation:			
Army	27.261	96.500	−69.239
Navy	145.000	84.400	+60.600
Air Force	137.200	33.700	+103.500
Family housing	97.526		+97.526
Guard and Reserve:			
Army National Guard		1.000	−1.000
Army Reserve		1.000	−1.000
Air National Guard		7.000	−7.000
Air Force Reserve		1.000	−1.000
Subtotal		10.000	−10.000
Total	406.987	224.600	182.387

ENCLOSURE 3

AMENDED FISCAL YEAR 1981 MILITARY CONSTRUCTION PROGRAM

Installation	Construction program	Amount (millions)
ARMY		
Increases:		
Authorization and appropriation: Indian Ocean area.	Staging facilities	$21.361
Appropriation only: Various locations	Planning and design	5.900
Total appropriation increase		27.261
Decreases:		
Authorization and appropriation:		
Fort Benning, Ga	Tactical equipment shops	2.850
	Steam plant modification	.660
Fort Campbell, Ky	Ceiling and window insulation	.870
Fort Riley, Kans	Aircraft maintenance hangar shop addition	.890
Fort Hood, Tex	Division headquarters and operations building	8.800
Fort Meade, Md	Improve radiator controls	.290
Fort Leavenworth, Kans	Renovate administration building	6.500
Fort Lee, Va	Unit motor park	.650
Anniston AD, Ala	Insulation and storm windows	.330
Newporr AAD, Ind	Heat loss enclosure	.250
Iowa AAP, Iowa	Thermal control valves	.290
Letterkenny AD, Pa	Insulate buildings	.160
New Cumberland AD, Pa	Window alterations—Building 400	.240
Lone Star AAP, Tex	Install condensate return lines	.740
Red River AD, Tex	Replace boiler	.290
	Addition/alteration to depot operations building	1.350
Cold Regions Research and Engineering Laboratory, N.H.	Frost effects research laboratory	6.100
Hanau, Germany	Basic load site	2.300
Hohenfels, Germany	Maintenance facilities mod	3.350
Various locations, Germany	Barracks facility (13.6 to 7.3)	6.300
Bad Hersfled, Germany	Miniature tank range	1.000
Aschaffenberg, Germany	Washrack	1.050
Fulda, Germany	Temperature control/heat recovery	.380
Bad Krauznach, Germany	do	.410
Frankfurt, Germany	Banking facility	.400
Kaiserslautern, Germany	Engine test cells	.270
Bamberg, Germany	Barracks with facilities	15.000
	Battalion headquarters	.750
	Vehicle maintenance shop	6.500
	Dining facility	2.250
	Heating plant	1.500
Hanau, Germany	Hardstand	.240
Kwajalein	Live explosive storage facility	.360
Various locations	Exigent minor construction	.230
Total (authorization)		73.650
Appropriation only:		
Hohenfels, Germany	Military operations in urban terrain (fiscal year 1980 authorization).	3.750
Various locations	Planning and design	19.100
Total appropriation decrease		96.500
NAVY		
Increases:		
Authorization and appropriation		
NSF Diego Garcia, Indian Ocean	Facility expansion	104.000
Various locations, Indian Ocean area	Facilities upgrade	35.000
Total (authorization)		139.000
Appropriation only: Various locations	Planning and design	6.000
Total appropriation increase		145.000

ENCLOSURE 3

AMENDED FISCAL YEAR 1981 MILITARY CONSTRUCTION PROGRAM—Continued

Installation	Construction program	Amount (millions)
Decreases:		
Authorization and appropriation:		
MCAS Yuma, Ariz	Aircraft ground support equipment shop	2.200
NAS Alameda, Calif	Aircraft support facilities	4.800
FTC San Diego, Calif	Operational trainer facility Fire alarm system	2.250
MCAGCC Twentynine Palms, Calif	Fire alarm system	.700
NWC China Lake, Calif	Weapons system support facility	5.400
PWC San Francisco, Calif	Wharf utilities	4.600
NSS Groton, Conn	Operational trainer facility	2.100
NSB New London, Conn	Utilities improvements	6.100
NAS Jacksonville, Fla	Water survival training facility	1.950
NTC Orlando, Fla	Academic instruction facility	2.350
MCAS Kaneohe Bay, Hawaii	Maintenance hanger alterations	.620
NSB Pearl Harbor, Hawaii	Pier utilities	1.900
PWE Pearl Harbor, Hawaii	Utilities improvement	5.200
MCAS New River, N.C	Trasmitter facility	.500
MCB Camp Lejeune, N.C	Unaccompanied enlisted personnel housing (17.0 to 13.87)	3.130
FMWTC Charleston, S.C	Firefighting simulator	1.000
NS Charleston, S.C	Electrical distribution system	6.100
NWS Charleston, S.C	Chapel	1.000
PMFA Charleston, S.C	Magazines (12.5 to 8.4)	4.100
AFHSA Norfolk, Va	Emergency electrical power generator	1.500
NAS Oceana, Va	Land acquisition	10.000
NCS Keflavik, Iceland	Antenna tower and helix house	3,600
Total (authorization)		71.100
Appropriation only:		
Various locations	Planning and design	12.300
	Defense access roads	1.000
Total appropriation decrease		84.400
AIR FORCE		
Increases:		
Authorization and appropriation:		
Lajes Field, Azores	Upgrade/construct various facilities	27.800
NSF Diego Garcia, Indian Ocean	Liquid fuel facilities	23.700
Various locations	Various facilities	85.700
Total authorization and appropriation increase		137.200
Decreases:		
Authorization and Appropriation:		
MacDill AFB, Fla	Data processing facility	1.200
Chanute AFB, Ill	Energy conservation invset program (8.100 to 4.950)	3.090
Kirtland AFB, N. Mex	Aircraft fuel system maintenance dock	1.200
Grand Forks AFB, N. Dak	Data processing facility	1.250
Minot AFB, N. Dak	do	1.250
Bergstrom AFB, Tex	do	1.200
Carswell AFB, Tex	do	1.100
McChord AFB, Wash	do	1.050
F. E. Warren AFB, Wyo	do	1.050
Camp New Amsterdam, Netherlands	Gymnasium	3.650
Lakenheath RAF, United Kingdom	Control tower	1.850
Woodbridge RAF, United Kingdom	Avionics shop	.720
Osan Air Base, Korea	Dangerous cargo pad	.590
Total authorization and appropriation decrease		19.200
Appropriation only: Various locations	Planning and design	14.500
Total appropriation decrease		33.700
FAMILY HOUSING		
Increase:		
Authorization and appropriation:		
Operation and maintenance	Fuel price and inflation increases	97.526
Total authorization and appropriation increase		97.526
GUARD AND RESERVE FORCES		
Decrease:		
Authorization and appropriation:		
Various locations	Army National Guard	1.000
	Army Reserve	1.000
	Air National Guard	7.000
	Air Force Reserve	1.000
Total authorization and appropriation decrease		10.000

ENCLOSURE 3

AMENDED FISCAL YEAR 1981 MILITARY CONSTRUCTION PROGRAM—Continued

Installation	Construction program	Amount (millions)
GUARD AND RESERVE FORCES PROJECT CHANGES		
Army National Guard:		
Camp Williams, Utah	Organizational maintenance shop	−.345
Mount Pleasant, Utah	100-person armory	−.590
	Motor vehicle storage building	−.065
Army Reserve:		
Fort Carson, Colo	Equipment concentration site/area maintenance support activity/organizational maintenance shop (.807 to 1.028).	+.221
Fort Indiantown Gap, Pa	Annual training facilities	−1.686
Fort Pickett, Va	Annual field training site troop barracks/administrative and training facilities (8.375 to 8.840).	+.465
March AFB, Calif	Alter hangar 2307	−.647
	Munitions maintenance/storage facility	−.755
	Aircraft arresting system	−.300
	Power check pad with suppressor	−.415
	Composite squadron operations	−1.400
	Base supply and equipment warehouse	−1.775
Capital Municipal Airport, Ill	Add to jet fuel storage	−.275
Standiford Field, Ky	do	+.262
Barnes Municipal Airport, Mass	Munitions maintenance facility	−.645
Rosecrans Memorial Airport, Miss	Aerial port training facility	−.910
Joe Foss Field, S. Dak	Petroleum oil and lubricants (POL) operations	−.140
Air Force Reserve:		
Barkdale AFB, La	Power check pad	+.150
Andrews AFB, Md	Squardron operations	−1.150

Mr. ROLLENCE. The $112.1 million supplemental request for fiscal year 1980 includes $23.5 million for the construction of facilities at Diego Garcia, $40.9 million for operation and maintenance of family housing, and $47.7 million for planning and design.

Similarly, the fiscal year 1981 amended military construction request for $182.4 million includes $297.6 million for new construction requirements, $97.5 million for operation and maintenance of family housing, and $11.9 million for planning and design, partially offset by $224.6 million in reductions.

The proposed deferrals include $178.7 million for construction initially included in the fiscal year 1981 request as well as $45.9 million in planning and design funds.

Deferral of a portion of the initial fiscal year 1981 request was necessary to offset the increases requested in the fiscal year 1981 amended request. However, the projects deferred were those which would have the least impact on mission effectiveness, quality of life, retention, or productivity.

Because of the immediate need to improve our logistical support of operations in the Indian Ocean area, we urge your support of these vital facilities included in the amended military construction program requests.

I have with me various members of the staff in the Office of the Secretary of Defense, the Joint Chiefs of Staff, and military departments, and together we will be available to answer any questions you may have.

Mr. Chairman, the specific locations of the facilities are classified. Do you have the handout up there?

Senator HART. Yes; we have that.

Mr. ROLLENCE. If I might, I will run down very quickly by country our add-on proposals for the Indian Ocean:

For [deleted] we are asking for $99.2 million which will include facilities at [deleted].

For [deleted] we are asking for $10 million, which will involve [deleted].

For [deleted] we are asking for $11.5 million.

For Diego Garcia, that is involved in both the supplemental request and the amended fiscal year 1981 request, a total requirement of $151.2 million additional funds.

In Lajes, Portugal, we are asking for $27.8 million.

Mr. Chairman, we do have a map available of the littoral countries if it will be of assistance to you.

General Irions will orient you as to the facility locations that we are discussing.

Senator **Hart**. You might put that map up.

General **Irions**. Some of the names may not be common to us.

Of course, we originally talked about [deleted].

We were talking about [deleted]. We would like to expand on the facilities there.

I am sure the engineers will tell you more about this proposed expansion [deleted] is down here [indicating].

Obviously, I am in the Air Force. I have been in the air logistics business for some years. We have used a lot of these regional bases many times. You can see that it is a long way to Diego Garcia from the Persian Gulf region.

Senator **Hart**. How far is that?

General **Irions**. 2,600 nautical miles; that is why we are trying to get something up here closer [indicating]. This is very strategic, the [deleted].

You can see that [deleted] is very key and germane to our discussion. If one talks about some kind of scenario that involves [deleted] is a very large player indeed. If you are talking about the people [deleted] is contiguous.

Are there any questions?

Senator **Hart**. What do those symbols represent?

General **Irions**. The larger airplanes represent the C–141 or C–5 transport aircraft or P–3 from the Navy, which is important to them. The smaller ones represent fighter aircraft, Navy, Air Force, or Marine Corps.

Senator **Hart**. What is envisioned as the [deleted].

General **Irions**. There are a [deleted].

Senator **Hart**. What kind of [deleted] can you bring in there?

General **Irions**. [Deleted.]

Senator **Hart**. They want that badly enough to have our [deleted]?

General **Irions**. I would suppose they would lean in that direction, of having [deleted]. The bad feature is that it is in the main ocean flow, as you can see, on the Persian Gulf.

A final port site, and not a very good one, is on the [deleted]. It has great appeal from [deleted] standpoint [deleted]. From their standpoint, [deleted]. Unfortunately, [deleted].

Senator **Hart**. Are any of these ports from [deleted] on that can accommodate our larger ships?

General IRIONS. Yes, sir; I think perhaps the Navy would be best qualified to comment. Perhaps Admiral Moreau or someone else can answer.

Admiral MOREAU. It is suitable for [deleted].

Senator HART. If this program were implemented, what then?

Admiral MOREAU. As we proceed here, you will see that what we need is increased access in that part of the world. We need it badly. We need it today, because we have two battle groups and an amphibious group in the Indian Ocean today.

We are not interested in creating [deleted] but principally we are interested in places where we can [deleted].

We are using [deleted] now. We are interested in [deleted]. We have been doing that.

If we want to increase access because of increased presence that we will continue to have in the foreseeable future, sometimes you have to [deleted].

Senator HART. Let me refine my question: The *Nimitz* has been at sea 100 days. If we bought this program, any sailors could [deleted].

Admiral MOREAU. [Deleted.]

Senator HART. Diego Garcia?

Admiral MOREAU. Yes, sir.

Senator HART. None of these [deleted] inside that perimeter will be available to handle the [deleted].

Admiral MOREAU. No, sir.

General IRIONS. You are speaking from a [deleted] standpoint?

Senator HART. [Deleted] and all that that implies.

General IRIONS. May I also tag on Admiral Moreau's answer? Another thing we are hunting for is a [deleted].

Senator HART. [Deleted.]

Admiral MOREAU. [Deleted.]

Senator HUDDLESTON. What is our closest [deleted] here?

Admiral MOREAU. We do not have a [deleted] we are talking to here.

Senator HART. Where are the [deleted]?

Admiral MOREAU. One is from the [deleted] Pacific.

Senator HUDDLESTON. I don't think any of us will quarrel about [deleted]. I think it is an ingenious way to do this. I am sure it has some risk, since you never know what the reaction of the various countries might be from day to day.

It seems to me this is the quickest way to [deleted].

I have looked over some of your deferrals for fiscal year 1981. I notice that you spread your reductions in the Guard and Reserve pretty evenly, just a flat $1 million for each one of them, except the Air National Guard, where there is a $7 million reduction.

What is the reason for that?

Mr. ROLLENCE. I think you have to go back to our original request. The Air National Guard had the largest program of any of the components, so they were asked to take a larger cut.

Senator HART. I have always been concerned about the Guard and Reserve. I think we consider this as a very important component of our readiness posture. I am not sure that it has not been a kind of stepchild for some time at best anyhow.

I am wondering if they can sustain these cuts and still maintain the readiness that might be required of them if we really got into some kind of activity there?

Mr. ROLLENCE. Yes, sir; we are quite confident that they can be deferred and we look at this really as only a deferral for 1 year of the facilities identified. The Guard and Reserve program that was presented originally in the fiscal year 1981 program was the largest program in many, many years and the $10 million cut I do not think will seriously impair their efforts.

Senator HUDDLESTON. I notice there are quite a few cuts in Germany. They all seem to come from facilities for our troops and our own operations, such things as maintenance facilities, barracks and this type of thing. Was there no way to cut some of our other contributions over there and have some of the other countries pick up the reduction?

Mr. ROLLENCE. No, sir. As you know, the European construction program is composed of two parts, the $300 million that we requested this year as our contribution to the infrastructure program with the remaining $465 million of unilateral U.S. funding. In looking at it we did not feel there was any way that we could reduce the $300 million designated for the infrastructure account and accordingly the reductions have been all in the U.S. unilateral funding.

Senator HART. I do not understand that answer. Why not? This committee has consistently pressed the Department on the infrastructure and degree of participation of the allies. We are down to the point the President of the United States in the last few days has talked to the allies about their role. We are protecting their interests as much as ours. Why do we unilaterally decide we can't touch the infrastructure.

Mr. ROLLENCE. Our contribution to the infrastructure account, which is under current agreement at a specified percentage of the cost of every project, is really against projects that are coming in the pipeline that were previously approved projects. As far as any future actions, naturally we would try to reduce our contributions to the extent possible.

In effect you can look at the $300 million as really paying a bill that we have already committed ourselves to.

Senator HUDDLESTON. I think there is a growing sentiment, depending on what kind of effort we get from our allies in the next few weeks, about our commitment there and the extent of it. It makes it kind of tough to think that we are cutting facilities for our own troops and denying the very basic needs they have. I think we can very well run into those problems on the floor.

Senator HART. I would like to make it a little more dramatic than that. I don't see what is wrong with the Defense Department going over there, meeting its counterpart and saying, "Gentlemen, this is your oil. We are not just talking about the U.S. interest." Why do we assume that we can't touch the $300 million. Our allies have not been carrying their weight for 20 or 30 years.

Their economies are doing fine. There are farmers in Colorado who are losing their farms. I would like to see this Government put the allies to the test once. They keep talking of vacillation on the part of the United States. Let us find out how much they are going to vacillate.

I am saying I don't like an answer that says we can't touch the infrastructure because it is in the pipeline. There are many U.S. projects in the pipeline—if we can make sacrifices in housing, the library for the Air Force cadets and other projects, why can't they?

Mr. ROLLENCE. As I say, until such point in time as the proper parties will negotiate a different arrangement with the NATO alliance we feel committed to live up to our obligation.

Senator HART. Who are the proper parties?

Mr. ROLLENCE. I don't know that I can answer that.

Senator HUDDLESTON. Can you narrow it down to one?

Senator HART. Can the Secretary of Defense do that? Who can do that?

Mr. ROLLENCE. I would think the Secretary of Defense could talk to his counterparts in the NATO alliance on the subject.

Senator HART. How would you suggest that this committee go about suggesting that to him?

Mr. ROLLENCE. I think you have just done so.

Senator HART. I don't mean to make too big a point on this, but I really do think that it is being heard more and more in these halls. I wish the administration would hear it. I don't say we should walk away from our responsibilities. I am saying the allies should walk in. I know the Germans are talking about how tough their problems are and the Japanese have constitutional prohibitions against spending so much.

I think we are obligated to send every signal back we can about what we are doing at home. It is not antiworld. It is not antiprotecting American interests. It is proallied participation. All of us are tired of the allies telling us how to do our business and how we vacillate and how this administration cannot make up its mind and then sit back and let us protect them.

I would like to make that point with them, whether it is infrastructure or any other way we can do it. I would hope the Department would not walk into a problem like this, assuming we can't touch projects in the pipeline when we are touching projects in the pipeline in every Service of this country that affect the well-being of our men and women. When are the Allies going to do that? That is the question.

Senator HUDDLESTON. As an alternative to reducing the infrastructure program why can't we expect some other contribution from them to help pay for this cost?

Senator HART. Precisely.

Senator HUDDLESTON. As Senator Hart says, we are protecting their oil as much as we are ours. They need it as badly as we do.

Mr. RANSOM. I can't address the question in detail. I can tell you the policy you have spelled out is the policy of the administration to seek a larger allied contribution to the defense effort both in Europe and Asia and what we are doing in the Middle East. I would like to undertake to get for you the answer to the points in detail on the question of the deferrals that you have mentioned in some other areas and increases in the defense effort that would free us to use our own forces in the Middle East, for instance.

That I think is a question that has to be considered. I don't know the answer in detail. I would like to try to get it for you.

Senator HART. It seems to me our policy since I have been here in the Senate has been that we have negotiated agreements by which we assume a certain percentage of responsibility. Then when the mutual interests increase because of some revolution or Soviet activity, we breach the policy by assuming the whole responsibility ourselves. I know the President is beginning to crack down, but we are 1 year into the Iranian revolution and several months into the Afghanistan invasion.

Then we come in for increased funds for facilities there to protect the mutual interests and we start out by saying that we can't touch the infrastructure. That is precisely what we are talking about. I know what the policy is, but I want to know when the policy is going to be implemented. We are not talking as two Senators here, we are reflecting the mood of this country.

We want more cooperation than we have seen.

Let me ask you a couple of questions about the supplemental, particularly on Diego Garcia.

Senator THURMOND. Mr. Chairman, may I make a comment?

Senator HART. Certainly.

Senator THURMOND. I think Senator Hart is on the right track in stating that other countries ought to be willing to join with us. In the past in many cases we have just assumed the whole responsibility. I think if we get contributions even though not as much as we feel they ought to be from other nations, it will bring them to us as part of a team. It is just like someone contributing to a campaign, it makes him an interested voter more than ever or a stockholder in a corporation. It may not be as big as it ought to be, but at the same time he is more interested.

These other nations have as much at stake as we do. If anything happens to us the whole free world goes down and they go down with us. To the extent that the nations of the free world are concerned they ought to be willing to help and the oil-producing nations ought to be willing to help.

Whatever concerns one part of the free world ought to concern another part. I have often felt maybe we ought to have a bloc of the free world. The United Nations has amounted to very little. What we need is the free world to work together. If we do more of that, if you gentleman can convince the administration to do more along that line I really think you will render a tremendous service to this country.

Mr. ROLLENCE. We will be most happy to carry your message back.

Senator HART. Senator Huddleston and I will formalize that in writing.

Mr. Rollence, on this second day of these hearings to my knowledge all we have is 1981 figures. What is the Department's official estimate in the supplemental 1981 outyears, for total construction cost for all locations?

Mr. ROLLENCE. I don't know that we really have a total plan, if you will.

Senator HART. This is a plan right here. What is it going to cost to do it?

Mr. ROLLENCE. The 1981 of course will only be one increment of what we will be planning to do. Speaking of these countries, in particular for the 1982 fiscal year, and of course we have not yet developed that budget, I would anticipate approximately the same amount of investment in 1982 as we are asking in 1981.

Senator HART. What about 1983 and 1984?

Mr. ROLLENCE. It is a little difficult to look out to 1983.

Senator HART. You are saying no one in the Department of Defense has done any calculations of the total cost of this?

Mr. ROLLENCE. There have been various plans and options looked at as to what we are going to do in this area. My hesitancy is that I don't think within Defense we have completely finalized precisely what we are going to do beyond what we are attempting to do now which is to gain access to the areas, to provide facilities which will give us some ability to exercise, and to provide for contingency operations in the area.

Senator HART. Leaving every other plan and possible option aside, what will it cost to complete this plan that you have before us now, these facilities that you are going to start on as soon as you get this money?

General IRIONS. I am a little hesitant to tell you what the total cost will be. I think that would be an engineering thing. I certainly agree that next year what we are planning is about the same in 1982. In 1983 the figures that I am most familiar with were in [deleted] having just come back from there, and in 1983 it is about two-thirds again. That would complete the program there.

Senator HART. What you are telling the committee is that you don't know what the cost of this proposal is, is that correct?

General IRIONS. Senator, I have to caveat a tiny bit by saying we must first get the engineering folks in there with their design team to say specifically what the cost is going to be of the project, carrying it through to fruition, I think we would then be in a better position to say what the 1982 costs are and 1983 costs are.

Senator HART. How did you estimate the 1981 costs?

General IRIONS. We have developed preliminary design estimates in the Pentagon but it is based on our best estimates of the project cost for contract construction, which we have to test the water on in the foreign country. I think the estimates do draw up on historical experiences. I think I should defer to the Corps of Engineers who deal in this kind of thing, of estimating costs. If I may, General Read from the Army could probably add something, Senator Hart.

General READ. I can address the program from the standpoint of the Army. Over the time period of our planning, the cost will be in the neighborhood of $100 to $125 million. I think I would defer to the other services for theirs. They are the ones that would be preparing their estimates for the service inputs. I would not chose to speak for the others.

Senator HART. Do I understand you to say as a representative of the Army that the Army's facilities on the map we see before us totally constructed will cost $125 million?

General READ. Sir, what I am saying is, that part which the Army has currently identified as a requirement would be in that vicinity.

Senator HART. $125 million?

General READ. Yes, sir.

Senator HART. Totally constructed estimates?

General Read. Yes, sir.

Senator Hart. How about the Navy?

Admiral Iselin. For Diego Garcia we are looking at $63 million in 1982 and approximately $40 million in 1983 and $10 million in 1984. That will close out the current planning.

With respect to the littoral as a group, the Navy is looking at $101 million in 1982 and approximately $40 million in 1983 and that will close out the current plan.

Senator Hart. $141 million for a total operation?

Admiral Iselin. Yes, sir, for the littoral.

Senator Hart. Does that include 1981?

Admiral Iselin. No, sir. 1981 is $35 million.

Senator Hart. So that is $176 million?

Admiral Iselin. That is for the littoral.

Senator Hart. Diego, [deleted].

Admiral Iselin. All but Diego Garcia. Diego Garcia is Navy, $127 million in 1981, combination of the 1980 and 1981 programs before you, and $63 million for 1982 and $40 million for 1983 and $10 million for 1984.

Senator Hart. General Read, do the Army's figures that you gave me include 1981?

General Read. Yes, sir.

Senator Hart. Now we have the Air Force.

General Gilbert. Mr. Chairman, the Air Force right now in the period of 1981 through 1983 is looking at these locations. One is Lajes in the Azores as an en route airlift base and we are looking at some $150 million there.

At Diego Garcia we see our requirements being about $125 million. In [deleted] which we are principally interested in we see approximately $220 million.

Senator Hart. Now there are some aircraft symbols here, [deleted]. What are those?

General Gilbert. At the present time we are not planning anything for those two locations for facility investment.

Senator Hart. Whose airplanes are those?

General Irions. Those are symbols of Navy aircraft, sir.

Senator Hart. Those are diverse fields for your aircraft?

Admiral Iselin. Yes, sir; and those are included in the figures.

Senator Hart. That makes the Air Force total $495 million. That gives me a total of $796 million.

Mr. Rollence, could you go back to your office and confirm that for me, please?

Mr. Rollence. Yes, sir.

[The information follows:]

At this time, the planning for construction at [deleted] and Diego Garcia is as follows:

[Deleted.]

Senator Huddleston. What kind of time frame are you talking about here? You take us up to 1983. Most of these projects I understand are not necessarily what you would call major construction projects. You have runway extensions, you have buildings to place supplies in and some roadway construction, communication, that type thing.

Is that generally correct? What period of time are we talking about to get these projects completed? About 3 years?

Mr. ROLLENCE. Mr. Chairman, as you know, we have not yet started any specific design. The design moneys for these projects are included in your 1980 supplemental. You are correct that these are not sophisticated type facilities, if you will. They are straight forward.

Senator HUDDLESTON. I would like to ask the Air Force or perhaps I will ask Navy to give us an estimate of how long it will take to actually complete construction?

Admiral ISELIN. As far as Navy is concerned at Diego Garcia we would complete all of that portion which is in the fiscal year 1980 by July 1982 and all that is in the 1981 request by mid-1983. So your 3 years is correct.

Senator HUDDLESTON. Does that include planning, designing, and construction?

Admiral ISELIN. Yes, sir. In Diego Garcia we are under design for all these facilities with one exception at the present time. We will also be looking for about a mid-1983 completion for the work in [deleted].

Senator HUDDLESTON. Diego Garcia is probably the easiest one before us but it is probably the biggest. The Navy is in control there.

Admiral ISELIN. Yes, sir, we are in control and many of the plans, as Mr. Rollence indicated, are additions to what we have, that is additional barracks, and a dining hall. Wharfs and piers will be new, although we have a good deal of information available to use right now.

Senator HUDDLESTON. What about the Air Force now? Do you figure runways have to be extended and how much?

General GILBERT. Yes, sir, there is some of that in some of our programs. Just running down the three locations I addressed earlier, at Lajes most of the items of work that we need there are refurbishment of existing facilities, fuel particularly. That would run about a year. At Diego Garcia our principal requirements there are tankage. That would run about 18 months.

In [deleted] that would run from 2 years to about 30 months.

Senator HUDDLESTON. How does Army stack up as far as time?

General READ. Sir, as a result of a number of uncertainties considered when making these kinds of estimates, from the time the money is authorized we believe we could get beneficial occupancy in approximately 1½ years.

Senator HUDDLESTON. So the 3-year period is about right then, barring unforeseen difficulties you might encounter in individual countries where you don't know just exactly what you might run into as far as construction and permits and all that sort of thing are concerned?

Admiral ISELIN. Yes, sir, and that would be to complete the whole program. Obviously many elements will come on line much sooner.

Senator HUDDLESTON. Will they be usable as the projects come on?

Admiral ISELIN. Yes, sir. For example, when you bring additional barracks on stream they can be used immediately. Expansion of the apron will be used immediately. On items like the wharf we will have to wait until that is completely done.

Senator HUDDLESTON. About a 3-year phase-in?

Admiral **Iselin**. Yes, sir.

Mr. **Ransom**. The program of [deleted]. So, the increase in ou capability that these agreements represent starts at once from th time they are signed and grow as construction pushes ahead.

Senator **Hart**. For instance how are we doing in terms of the agreements with [deleted].

Mr. **Ransom**. [Deleted.]

Senator **Hart**. Which ones do we have?

Mr. **Ransom**. We have now initiated the text of the agreement wit [deleted].

Senator **Hart**. Will the Senate at any time see those agreements

Mr. **Ransom**. Yes. They will be transmitted under the Case Act. Th agreement in the case of [deleted].

Senator **Huddleston**. How can we handle those on the Senate floo without discussing specific agreements and even locations? Is it s important that there is no discussion of the agreements?

Mr. **Ransom**. [Deleted.]

Senator **Huddleston**. I am sure there will be some aid proposal that the Senate will have to approve.

Mr. **Ransom**. They appear prepared to see that discussed in publi

Senator **Hart**. My recollection is that Mr. Komer has discusse these countries' agreements in public testimony.

Is that the case?

Mr. **Ransom**. Yes, sir.

Senator **Hart**. The countries are not under a misapprehension abou the [deleted] and therefore commenting on it if they want to?

Mr. **Ransom**. No. What they would like to do is [deleted].

Senator **Hart**. Senator Thurmond.

Senator **Thurmond**. I have a few questions I will submit for th record, Mr. Chairman.

[Questions submitted for the hearing record follow:]

Questions by Senator Walter D. Huddleston for Witnesses to be Answered for the Record

AIRLIFT REQUIREMENTS

Senator **Huddleston**. What are the known and anticipated airlift requirements at Lajes and Diego Garcia for the next few years—operationally wha do we have to be prepared to do there?

Answer. Our most probable demanding airlift requirement would occur whe MAC is fully mobilized at wartime utilization rates, CRAF Stage III is activated and Lajes and Diego Garcia are the only usable en route bases in their area The total requirements at Lajes and Diego Garcia also include tankers, fighter and other aircraft. For example, the total requirements at Lajes in FY 198 are estimated to be 176 military aircraft of all types plus 26 CRAF aircraf for a total of 202 aircraft.

Today, with the above airlift conditions, Lajes would need to daily suppor 18 C–5s, 68 C–141s, and 69 CRAF—or a total of 155 airlift aircraft. In FY 198 requirements increase to 22 C–5s, 76 C–141s, and 70 CRAF—or a total of 16 airlift aircraft. [Deleted] are available for eastbound flights, CRAF aircraf would not transit Lajes but would probably use [deleted] to reduce that congestion at Lajes.

Today, with the above airlift conditions, Diego Garcia would need to dail support about 12 C–5s, 46 C–141s, and 47 CRAF—or a total of 105 airlift ai craft. (Fighters, tankers, and other aircraft are also transiting.) If [delete are available, CRAF aircraft would not require landing at Diego Garcia.

Anticipated airlift requirements at these two bases will be influenced in th future by the C–X and the air refueling capability of the C–141B. If approve

C–Xs will add to the en route requirement about 1987/1988. The C–141 air refueling capability will provide some flexibility in enroute stops. If aerial tankers can receive diplomatic overnight clearance to operate, they can reduce the requirement for ramp space at Lajes or Diego Garcia, and provide fuel to the air flow from other nearby locations.

Senator HUDDLESTON. Will the FY 81 additions accommodate all known requirements for airlift through Lajes and Diego Garcia?

ANSWER. Known requirements will not be accommodated by the FY 1981 additions.

For Lajes, the FY 1981 additions will start an effort to refurbish refueling and other facilities. Proposed plans beyond FY 1981 for Lajes would increase the refueling facilities to permit sustained operations at the level of 200 sorties per day (3.5M gallons per day).

For: Diego Garcia, the FY 1981 additions will provide some airlift facilities such as a temporary air operation buildings, improve the control tower, and and air cargo terminal. The FY 1983 POM is planned to support funds for [deleted] gallons of POL storage and [deleted] feet of ramp space.

Senator HUDDLESTON. What agreements do we now have for the use of Lajes?

ANSWER. The agreements for the use of Lajes follow:

DEFENSE: USE OF FACILITIES IN THE AZORES

AGREEMENT BETWEEN THE UNITED STATES OF AMERICA AND PORTGUAL

Signed at Lisbon September 6, 1951

Entered into force September 6, 1951

DEFENSE AGREEMENT BETWEEN PORTUGAL AND THE UNITED STATES OF AMERICA

The Portuguese Government and the Government of the United States of America:

Having in mind the doctrine and obligations arising from Articles 3 and 5 of the North Atlantic Treaty signed in Washington April 4, 1949;[1]

Resolved, in accordance with the preamble of that Treaty, to unite their efforts for the common defense and for the preservation of peace and security;

Considering the necessity of executing in peacetime the measures of military preparation necessary to the common defense, in conformity with plans approved by the nations signatory to the referred to Treaty;

Taking into consideration that according to the provisions adopted in the North Atlantic Treaty Organization, the area of the Azores directly interests Portugal and the United States and that between them they must establish agreements for the determination and utilization of the facilities which it is possible for the first of the mentioned Governments to grant in those islands;

Agree as follows:

ARTICLE 1

The Portuguese Government grants to the Government of the United States in case of war in which they are involved during the life of the North Atlantic Treaty and within the framework and by virtue of the responsibilities assumed thereunder the use of facilities in the Azores which will be provided for in technical arrangements to be concluded by the Ministers of Defense of the two Governments.

Wherever reference is made in the text of this Agreement to technical arrangements, it is understood that such reference has to do with the technical arrangements to be agreed upon by the Ministers of Defense of the two Governments, and which are hereby authorized.

ARTICLE 2

The Governments of Portugal and of the United States, in technical and financial collaboration, and in harmony with technical arrangements to be argued upon, will construct new installations and enlarge and improve those existing for the purpose of preparing and equipping the agreed facilities in the Azores with what is necessary for the execution of the missions for which under the defense plans they are charged with in time of war.

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[1] Text of Treaties and Other International Acts Series 1964; 63 Stat., pt. 2, pp. 2242.

(1) These preparatory works shall include, among other things, the storage of oil, munitions, spare parts and any supplies considered necessary for the purposes in view.

(2) The term for the execution of what is set forth in the body of the present Article and in subparagraph 1 will run from the date of signature of this Agreement until the first of September 1956 with a period of grace of four months.

ARTICLE 3

All constructions and materials incorporated in the soil will from the start be considered property of the Portuguese State without prejudice to the recognized right of the United States to use such constructions and materials in time of war or in time of peace to the extent and in the manner provided in this Agreement, and to raze and remove them for its account at the end of the term referred to in Article 1 or if the hypothesis mentioned in Article 8 should eventuate, all in accordance with technical arrangements to be agreed upon.

At the end of the period referred to in Article 1, as well as in the hypothesis provided for in Article 8, and without prejudice to the technical arrangements referred to above, the United States may raze or remove for its account technical equipment belonging to it and not necessary to the future functioning of the bases, the Portuguese Government making equitable payment for that which it desires to acquire and which may be ceded to it.

ARTICLE 4

Having in mind their eventual use in harmony with the provisions of Article 1, the Portuguese Government will undertake the maintenance of the facilities in all the period subsequent to the withdrawal of the American personnel, as stipulated in Article 7.

ARTICLE 5

For the purpose of the previous Article, and in accordance with what will be agreed upon between the Defense Ministers of the two Governments, the Government of the United States will provide facilities necessary for the apprenticeship and training of Portuguese personnel having in mind the perfect functioning of the bases as well as facilitate duly qualified American personnel and material both deemed indispensable for the missions charged to the military forces in the Azores, in time of peace as well as in time of war, in harmony with the plans established by the competent organs of the North Atlantic Treaty Organization. This American personnel in the period subsequent to the evacuation of the bases in time of peace will be under Portuguese direction.

ARTICLE 6

During the period of the preparation of the bases, in conformity with Article 2 subparagraph 2, and during the period of evacuation granted under Article 7, the transit of American military aircraft through the Lagens Airdrome continues to be permitted and there will be authorized on that base, during the same periods, the training of United States aviation and naval personnel, and United States military and civilian personnel stationed there may be increased up to the necessary. There will also be permitted the eventual visit to the airdrome of Santa Maria of some military aircraft which will be provided for by technical arrangements to be concluded between the Ministers of Defense of the two Governments.

These arrangements will fix the number and missions of the personnel employed and will define the legal statute to which they will be subject, as well as the exemptions which the personnel and material will enjoy in time of peace and in time of war.

ARTICLE 7

For a term beyond the periods in which the facilities should be utilized either in time of war or under conditions provided for in subparagraph 2 of Article 2, there will be granted by the Portuguese Government between six months and a year, in accordance with the circumstances and difficulties of the occasion, for the complete evacuation of the American personnel and their accompanying equipment, which will take place whether or not it has been possible to carry out the provisions of Article 5.

Stockpiling of materials and supplies necessary to the preparation for war, in accordance with the reasonable exigencies of the international situation, and in accordance with technical arrangements to be agreed upon, is authorized during the term referred to in Article 1.

ARTICLE 8

The Government of the United States may at any moment renounce the concessions granted under the present Agreement in which case the obligations assumed in this respect by the Portuguese Government will likewise cease.

ARTICLE 9

In case of war the facilities granted may be utilized by the rest of the North Atlantic Treaty Organization members. The conditions for the utilization of the facilities by the members of the NATO will be established by agreement between the competent Portuguese and American authorities.

The Portuguese Government reserves the right to extend to the Government of His Britannic Majesty in the United Kingdom facilities analogous to those granted under this Agreement.

ARTICLE 10

The Portuguese Government will authorize, after the period of evacuation fixed in Article 7, the transit through Lagens of military aircraft of the United States carrying out missions within the framework of the North Atlantic Treaty Organization. This transit will be carried out by the utilization of the Portuguese services in the referred to Base, whether or not it has been possible to carry out the provisions of Article 5.

For beyond the period in question, and from time to time, as may be agreed between the Ministers of Defense of the two countries in the face of circumstances and in each case, the Lagens base may be utilized for the exercises of combined training of the appropriate forces of NATO. The non-Portuguese personnel necessary to effect this training will remain in the Azores only for the time necessary for each operation.

ARTICLE 11

Nothing in the technical arrangements to be agreed upon by the Ministers of Defense of the two Governments may be understood in a contrary sense to the provisions of the present Defense Agreement.

ARTICLE 12

This Agreement will enter into effect on the date of its signature and on the same date the Agreement of February 2, 1948,[2] will cease to have validity.

In testimony thereof the respective plenipotentiaries of the two Governments have placed their signatures and affixed their seals to the present Agreement.

Done in Lisbon in two copies, in Portuguese and English, both texts having equal value, this sixth day of September 1951.

LINCOLN MACVEAGH.
PAULO CUNHA.

PORTUGAL

DEFENSE: USE OF FACILITIES IN THE AZORES

Agreement supplementing the agreement of September 6, 1951.
Signed at Lisbon November 15, 1957;
Entered into force November 15, 1957.

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[2] Treaties and Other International Acts Series 2351; 2 UST 2266.

SUPPLEMENTARY DEFENSE AGREEMENT BETWEEN PORTUGAL AND THE UNITED STATES OF AMERICA

The Portuguese Government and the Government of the United States of America:

Having in mind the considerations set forth in the Preamble of the existing Defense Agreement between them signed on September 6, 1951, to which both governments continue to attach the highest importance as members of the North Atlantic Treaty Organization;

Recognizing that some of the preparatory works provided for in Article 2 of the said Agreement are not yet completed and that there are still other construction projects which have been recognized by agreement between the military authorities of the two Governments as being absolutely essential to insure the fulfillment of the defense missions attributed to the Azores;

Agree as follows:

(1) Article 2 Paragraph 2 of the Defense Agreement of September 6, 1951, is amended to read as follows:

"The term for the execution of what is set forth in the body of the present article and in sub-paragraph (1) will run from the date of signature of this Agreement until the 31st of December, 1962".

(2) It is understood that the technical arrangements authorized by Article 1 of the Defense Agreement of September 6, 1951, are only those agreed upon through today's date, November 15, 1957, by the Ministers of Defense of the two Governments or their representatives.

(3) This supplementary Agreement will enter into effect on the date of its signature.

In testimony thereof the respective plenipotentiaries of the two Governments have placed their signatures and affixed their seals to the present Agreement.

Done in Lisbon in two copies, in Portuguese and English both texts having equal value, this fifteenth day of November, 1957.

JAMES BONBRIGHT.
PAULO CUNHA.

PORTUGAL

CONTINUED STATIONING OF AMERICAN FORCES AT LAJES BASE, AZORES

Agreement supplementing the agreement of September 6, 1951, as supplemented.
Effected by exchange of notes
Signed at Brussels December 9, 1971;
Entered into force December 9, 1971.

SECRETARY OF STATE TO THE PORTUGUESE MINISTER OF FOREIGN AFFAIRS,

December 9, 1971.

His Excellency RUI PATRICIO,
Minister of Foreign Affairs of Portugal.

EXCELLENCY: I have the honor to acknowledge receipt of Your Excellency's note dated December 9, 1971, which reads as follows:

"I have the honor to refer to the letter of the Foreign Minister of Portugal to the Ambassador of the United States of America, dated December 29, 1962, and to the notes of this Ministry and of your Embassy, dated January 6, 1969, and February 3, 1969,[1] respectively, relating to the conversations regarding the continued stationing of American forces and personnel at Lajes Base in the Azores and its use by the same.

"I have the honor to propose that the continued use by American forces of the facilities at Lajes Base be authorized by the Government of Portugal for a period of five years dating from February 3, 1969. The continued use of such facilities will be regulated by the mutual arrangements affirmed and described in the letter of the Foreign Minister of Portugal dated December 29, 1962. Either party may propose the commencement of conversations regarding use of such facilities beyond the period described in this note six months before the expiration of such period, but no determination that a negative result has arisen in such conversations shall be made for at least six months following the expiration of such period. In the event neither party proposes the commencement of further conversations, a negative result shall be deemed to have arisen upon the expiration of the period described in this note.

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[1] Not printed.

"I should like to propose that, if agreeable to your Government this note, together with your reply, shall constitute an agreement between our two Governments."

I confirm to you that the above quoted proposal is acceptable to the Government of the United States, and that Your Excellency's note and this reply shall be regarded as constituting a formal agreement between the two Governments.

Accept, Excellency, the assurances of my highest consideration.

William P. Rogers,
Secretary of State of the
United States of America.

No. 290. DECEMBER 9, 1971.

EXTENSION AZORES AGREEMENT

Secretary of State William P. Rogers and the Minister of Foreign Affairs of Portugal. Rui Patricio exchanged notes in Brussels today extending until February 4, 1974, the arrangement permitting peacetime stationing of United States forces at Lajes Field in the Azores.

Since the expiration of the time period of the Agreement in 1962, United States forces have been authorized by the Government of Portugal to continue to use the facilities until negotiations could be satisfactorily concluded.

The United States Government agreed to the current round of negotiations on February 3, 1969, and the exchange of notes just concluded extends our rights for five years from that date without any rental provision.

During the Foreign Minister's visit to Washington in November 1970, negotiations were initiated concerning economic assistance to aid the Portuguese Government in implementing various social and economic development programs.

The United States has agreed to provide a two-year PL–480 program in the amount of $15 million per year. Also, the Export-Import Bank of the United States has declared its willingness to provide, in accordance with its usual loan criteria and practice, the financing for United States goods and services for development projects in Portugal including airport construction, railway modernization, bridge-building, electric power generation, mechanization of agriculture, harbor construction and town planning, and the supplying of equipment for schools and hospitals valued at approximately $400 million. In direct aid, we are providing one oceanographic vessel on a no-cost lease basis, a grant of $1 million for educational development projects selected by the Government of Portugal and non-military excess equipment in the amount of $5 million, which amount is to be considered illustrative and not a maximum ceiling so that it may be exceeded if deemed mutually desirable.

DECEMBER 9, 1971.

His Excellency RUI PATRICIO,
Minister of Foreign Affairs of Portugal.

EXCELLENCY: I have the honor to acknowledge receipt of Your Excellency's Note dated December 9, 1971, which reads as follows:

"I have the honor to refer to the letter of the Foreign Minister of Portugal to the Ambassador of the United States of America, dated December 29, 1962, and to the notes of this Ministry and of your Embassy, dated January 6, 1969, and February 3, 1969, respectively, relating to the conversations regarding the continued stationing of American forces and personnel at Lajes Base in the Azores and its use by the same.

"I have the honor to propose that the continued use by American forces of the facilities at Lajes Base be authorized by the Government of Portugal for a period of five years dating from February 3, 1969.

The continued use of such facilities will be regulated by the mutual arrangements affirmed and described in the letter of the Foreign Minister of Portugal dated December 29, 1962. Either party may propose the commencement of conversations regarding use of such facilities beyond the period described in this note six months before the expiration of such period, but no determination that a negative result has arisen in such conversations shall be made for at least six months following the expiration of such period. In the event neither party proposes the commencement of further conversations, a negative result shall be deemed to have arisen upon the expiration of the period described in this note.

"I should like to propose that, if agreeable to your Government, this note, together with your reply, shall constitute an agreement between our two Governments."

I confirm to you that the above quoted proposal is acceptable to the Government of the United States, and that Your Excellency's note and this reply shall be regarded as constituting a formal agreement between the two Governments.

Accept, Excellency, the assurances of my highest consideration.

WILL'IAM P. ROGERS,
Secretary of State of the
United States of America.

THE SECRETARY OF STATE,
Washington, D.C., December 9, 1971.

His Excellency RUI PATRICIO,
Minister of Foreign Affairs of Portugal.

DEAR MR. MINISTER: I refer to the series of discussions that have taken place between our two Governments designed to enhance our political, economic, and cultural relations and in particular to the discussions that have centered on Portugal's development programs in the fields of education, health, agriculture, transportation, and science.

As a result of these discussions, the United States agrees, within the limitations of applicable United States legislation and appropriations, to help Portugal in its development efforts by providing the following economic assistance:

1. A Public Law 480 pragram that will make available agricultural commodities valued at up to $15 million during fiscal year 1972 and the same amount during fiscal year 1973. The terms of the agreements under Public Law 480 will be 15 years at 4½ percent interest, with an initial payment of 5 percent and currency use payment of 10 percent.

2. Financing for certain projects of the Government of Portugal, as follows. The two Governments have reviewed development projects in Portugal valued at $400 million and the United States Government declares its willingness to provide, in accordance with the usual loan criteria and practices of the Eximbank, financing for these projects.

3. The hydrographic vessel USNS *Keller* on a no cost basis, subject to the terms of a lease to be negotiated.

4. A grant of $1 million to fund educational development projects selected by the Government of Portugal.

5. $5 million in "drawing rights" at new acquisition value of any non-military excess equipment which may be found to meet Portuguese requirements over a period of two years. The figure of five million dollars is to be considered illustrative and not a maximum ceiling so that we may be free to exceed this figure if desired.

As soon as the Government of Portugal replies to this letter, discussions shall be initiated to implement the details of each of the individual items listed herein.

Sincerely yours,

WILLIAM P. ROGERS.

THE SECRETARY OF STATE,
Washington, D.C., December 9, 1971.

His Excellency RUI PATRICIO,
Minister of Foreign Affairs of Portugal.

DEAR MR. MINISTER: During the recent discussions between our two Governments regarding possible participation by my Government in the plans which your Government has drawn up for the economic and social development of your country, Portuguese and American technicians have reviewed various Portuguese proposals with a total value of some $400 million These included, inter alia, projects for airport construction, railway modernization, bridge-building, electric power generation, mechanization of agriculture, harbor construction and town planning, and the supplying of equipment for schools and hospitals.

I am pleased to inform you that the United States Government is willing to provide, through the Export-Import Bank of the United States, financing for U.S. goods and services to be used in these projects, in accordance with the usual loan criteria and practices of the Bank. Applications for loans or preliminary commitments covering specific projects may be submitted to the Bank through the Portuguese Embassy in Washington or directly at any time and will receive expeditious handling.

Sincerely yours,

WILLIAM P. ROGERS.

THE SECRETARY OF STATE,
Washington, D.C., December 9, 1971.

His Excellency RUI PATRICIO,
Minister of Foreign Affairs of Portugal.

DEAR MR. MINISTER: With further reference to my letter of this date concerning United States assistance to Portugal for its development efforts, I am pleased to advise you that the United States agrees to a waiver of the annual contribution of $175,000 by the Government of Portugal to the support of the United States Military Assistance Advisory Group for a period of two years.

Sincerely yours,

WILLIAM P. ROGERS.

EMBASSY OF THE UNITED STATES OF AMERICA,
Lisbon, June 18, 1979.

His Excellency, Ambassador JOAO DE FREITAS CRUZ,
Minister of Foreign Affairs, Lisbon.

EXCELLENCY: I have the honor to acknowledge receipt of Your Excellency's note of June 18, 1979, which stated the following:

"I have the honor to refer to the joint statement released in Lisbon and New York on September 27, 1977, affirming the intention of the Governments of Portugal and the United States to conclude negotiations at the earliest possible date with the purpose of extending arrangements under the defense agreement between Portugal and the United States of September 6, 1951, as amended, for use by the United States of facilities related to the Lajes base in the Azores.

"I have the honor to propose that the continued use by American forces of these facilities be authorized by the Government of Portugal for a period of nine years dating from February 4, 1974. The use of such facilities will continue to be regulated by the mutual arranagements agreed upon by our two Governments, including those affirmed and described in the letter of the Foreign Minister of Portugal dated December 29, 1962. Either party may propose the commencement of conversations regarding use of such facilities beyond the period described in this note six months before the expiration of such period, but no determination that a negative result has arisen in such conversations shall be made for at least twelve months following the expiration of such period. In the event neither party proposes the commencement of further conversations, a negative result shall be deemed to have arisen upon the expiration of the period described in this note.

"I have the further honor to propose that, if acceptable to Your Excellency's Government, this note, together with Your Excellency's confirming reply, shall constitute an agreement between our two governments effective upon the date of Your Excellency's reply. Accept Excellency, the assurances of my highest consideration."

I wish to inform Your Excellency that the Government of the United States of America accepts the proposal of Your Excellency's government and agrees that Your Excellency's note and this reply shall constitute an agreement between our two governments effective June 18, 1979.

Accept, Excellency, the assurances of my highest consideration.

CYRUS R. VANCE,
Secretary of State.

EMBASSY OF THE UNITED STATES OF AMERICA,
Lisbon, June 18, 1980.

His Excellency, Ambassador JOAO DE FREITAS CRUZ,
Minister of Foreign Affairs, Lisbon.

EXCELLENCY: I have the honor to refer to the agreement of September 6, 1951, as amended, pursuant to which the United States is granted use of facilities at the Lajes base.

In accordance with Article I of that agreement the United States is prepared to enter promptly into conversations with the Government of Portugal for the purpose of reviewing the technical arrangements of November 15, 1957, and annexes.

Concerning the regulation of labor relations resulting from the use of facilities at the Lajes base, the United States is also prepared to enter promptly into conversations with the Government of Portugal for the purpose of reviewing the labor relations aspects of technical arrangements applicable to those facilities, with consideration being given to existing Portuguese legislation on the matter.

Accept, Excellency, the renewed asurances of my highest consideration.

CYRUS R. VANCE,
Secretary of State.

DEPARTMENT OF STATE,
DIVISION OF LANGUAGE SERVICES,
Lisbon, June 18, 1979.

LS No. 090811-A. JEK/WD. Portuguese.

His Excellency, CYRUS VANCE,
Secretary of State of the United States of America.

EXCELLENCY: I have the honor to acknowledge receipt of Your Excellency's note of June 18, 1979, the text of which is as follows:

[The Portuguese translation of Secretary Vance's note of June 18, 1979, agrees with the original English text in all substantive respects.]

I inform Your Excellency that the Portuguese Government concurs with the content of the foregoing note and is equally prepared to enter promptly into the aforesaid conversations.

Accept, Excellency, the assurance of my highest consideration.

JOÃO DE FREITAS CRUZ,
Minister of Foreign Affairs.

DEPARTMENT OF STATE,
DIVISION OF LANGUAGE SERVICES,

LS NO. 090811-B

[The English translation of Foreign Minister Freitas Cruz's note of June 18, 1979, agrees with the original Portuguese text in all substantive respects.]

Senator HUDDLESTON. Please provide the committee with copies of the agreements govering use of Lajes and Diego Garcia.

ANSWER. The agreements governing the use of Diego Garcia follow:

TREATIES AND OTHER INTERNATIONAL ACTS SERIES 6196

UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND

AVAILABILITY OF CERTAIN INDIAN OCEAN ISLANDS FOR DEFENSE PURPOSES

Agreement effected by exchange of notes Signed at London, December 30, 1966; Entered into force December 30, 1966.

THE AMERICAN AMBASSADOR TO THE
BRITISH SECRETARY OF STATE FOR FOREIGN AFFAIRS,
December 30, 1966.

Note No. 25

Hon. GEORGE BROWN, M.P.,
Secretary of State for Foreign Affairs,
Foreign Office, Whitehall, London.

SIR: I have the honor to refer to recent discussion between representatives of the Government of the United States of America and the Government of the

United Kingdom of Great Britain and Northern Ireland concerning the availability, for the defense purposes of both Governments as they may arise, of the islands of Diego Garcia and the remainder of the Chagos Archipelago, and the islands of Aldabra, Farquhar, and Desroches constituting the British Indian Ocean Territory, hereinafter referred to as "the Territory". The United States Government has now authorized me to propose an Agreement in the following terms:

(1) The Territory shall remain under United Kingdom sovereignty.

(2) Subject to the provisions set out below the islands shall be available to meet the needs of both overnments for defense. In order to ensure that the respective United States and United Kingdom defense activities in the islands are correlated in an orderly fashion:

(a) In the case of the initial United States requirement for use of a particular island the appropriate governmental authorities shall consult with respect to the time required by the United Kingdom authorities for taking those administrative measures that may be necessary to enable any such defense requirement to be met.

(b) Before either Government proceeds to construct or install any facility in the Territory, both Governments shall first approve in principle the requirement for that facility, and the appropriate administrative authorities of the two Governments shall reach mutually satisfactory arrangements concerning specific areas and technical requirements for respective defense purposes.

(c) The procedure described in sub-paragraphs (a) and (b) shall not be applicable in emergency circumstances requiring temporary use of an island or part of an island not in use at that time for defense purposes provided that measures to ensure the welfare of the inhibitants are taken to the satisfaction of the Commissioner of the Territory. Each Government shall notify the other promptly of any emergency requirements and consultation prior to such use by the United States Government shall be undertaken as soon as possible.

(3) The United Kingdom Government reserves the right to permit the use by third countries of British-financed defense facilities, but shall where appropriate consult with the United States Government before granting such permission. Use by a third country of United States or jointly-financed facilities shall be subject to agreement between the United Kingdom Government and the United States Government.

(4) The required sites shall be made available to the United States authorities without charge.

(5) Each Government shall normally bear the cost of site preparation, construction, maintenance, and operation for any facilities developed to meet its own requirements. Within their capacities, such facilities shall be available for use by the forces of the other Government under service-level arrangements. However, there may be certain cases where joint financing should be considered, and in these cases, the two Governments shall consult together.

(6) Commercial aircraft shall not be authorized to use military airfields in the Territory. However, the United Kingdom Government reserves the right to permit the use in exceptional circumstances of such airfields, following consultation with the authorities operating the airfields concerned, under such terms or conditions as may be defined by the two Governments.

(7) For its defense purposes on the islands, the United States Government may freely select United States contractors and the sources of equipment, material, supplies, or personnel, except that—

(a) the United States Government and United States contractors shall make use of workers from Mauritius and Seychelles to the maximum extent practicable, consistent with United States policies, requirements and schedules; and

(b) the appropriate administrative authorities of the two Governments shall consult before contractors or workers from a third country are introduced.

(8) The exemption from charges in the nature of customs duties and other taxes in respect of goods, supplies and equipment brought to the Territory in connection with the purposes of this Agreement by or on behalf of the United States Government, United States contractors, members of the United States Forces, contractor personnel or dependents, and the exemption from taxation of certain persons serving or employed in the Territory in

connection with those purposes, shall be such exemption as is set out in Annex I to this Note.

(9) The arrangements regarding the exercise of criminal jurisdiction and claims shall be those set out in Annex II to this Note.

(10) For the purpose of this Agreement:

(a) "Contractor personnel" means employees of a United States contractor who are not ordinarily resident in the Territory and who are there solely for the purposes of this Agreement;

(b) "Dependents" means the spouse and children under 21 years of age of a person in relation to whom it is used; and, if they are dependent upon him for their support, the parents and children over 21 years of age of that person;

(c) "Members of the United States Forces" means

(i) military members of the United States Forces on active duty;

(ii) civilian personnel accompanying the United States Forces and in their employ who are not ordinarily resident in the Territory and who are there solely for the purposes of this Agreement; and

(iii) dependents of the persons described in (i) and (ii) above;

(d) "United States authorities" means the authority or authorities from time to time authorized or designated by the United States Government for the purpose of exercising the powers in relation to which the expression is used;

(e) "United States contractor" means any person, body or corporation ordinarily resident in the United States of America, that, by virtue of a contract with the United States Government, is in the Territory for the purposes of this Agreement, and includes a sub-contractor;

(f) "United States Forces" means the land, sea and air armed services of the United States, including the Coast Guard.

(11) The United States Government and the United Kingdom Government contemplate that the islands shall remain available to meet the possible defense needs of the two Governments for an indefinitely long period. Accordingly, after an initial period of 50 years this Agreement shall continue in force for a further period of twenty years unless, not more than two years before the end of the initial period, either Government shall have given notice of termination to the other, in which case this Agreement shall terminate two years from the date of such notice.

If the foregoing proposal is acceptable to the Government of the United Kingdom of Great Britain and Northern Ireland, I have the honor to propose that this Note and its Annexes, together with your reply to that effect, shall constitute an Agreement between the two Governments which shall enter into force on the date of your reply.

Accept, Sir, the renewed assurances of my highest consideration.

DAVID BRUCE, *American Ambassador.*

ANNEX I—CUSTOMS DUTIES AND TAXATION

1. CUSTOMS DUTIES AND OTHER TAXES ON GOODS

(1) No import, excise, consumption or other tax, duty or impost shall be charged on:

(a) material, equipment, supplies, or goods for use in the establishment, maintenance, or operation of the facilities which are consigned to or destined for the United States authorities or a United States contractor;

(b) goods for use or consumption aboard United States public vessels or aircraft;

(c) goods consigned to the United States authorities or to a United States contractor for the use of or for sale to military members of the United States Forces, or to other members of the United States Forces, or to those contractor personnel and their dependents who are not engaged in any business or occupation in the Territory;

(d) the personal belongings or household effects for the personal use of persons referred to in sub-paragraph (c) above, including motor vehicles, provided that these accompany the owner or are imported either—

(i) within a period beginning sixty days before and ending 120 days after the owner's arrival; or

(ii) within a period of six months immediately following his arrival;

(e) goods for consumption and goods (other than personal belongings and household effects) acquired after first arrival, including gifts, consigned to military members of the United States Forces, or to those other members of the United States Forces who are nationals of the United States and are not engaged in any business or occupation in the Territory, provided that such goods are:

(i) of United States origin if the Commissioner so requires, and

(ii) imported for the personal use of the recipient.

(2) No export tax shall be charged on the material, equipment, supplies or goods mentioned in paragraph (1) in the event of reshipment from the Territory.

(3) Article 1 of this Annex shall apply notwithstanding that the material, equipment, supplies or goods pass through other parts of the Territory en route to or from a site.

(4) The United States authorities shall do all in their power to prevent any abuse of customs privileges and shall take administrative measures, which shall be mutually agreed upon between the appropriate authorities of the United States and the Territory, to prevent the disposal, whether by resale or otherwise, of goods which are used or sold under paragraph (1)(c), or imported under paragraph (1)(d) or (1)(e), of Article 1 of this Annex, to persons not entitled to buy goods pursuant to paragraph (1)(c), or not entitled to free importation under paragraph (1)(d) or (1)(e). There shall be cooperation between the United States authorities and the Commissioner to this end, both in prevention and in investigation of cases of abuse.

2. MOTOR VEHICLE TAXES

No tax or fee shall be payable in respect of registration or licensing for use for the purposes of this Agreement in the Territory of motor vehicles belonging to the United States Government or United States contractors.

3. TAXATION

(1) No members of the United States Forces, or those contractor personnel and their dependents who are nationals of the United States, serving or employed in the Territory in connection with the facilities shall be liable to pay income tax in the Territory except in respect of income derived from activities within the Territory other than such service or employment.

(2) No such person shall be liable to pay in the Territory any poll tax or similar tax on his person, or any tax on ownership or use of property which is situated outside the Territory or situated within the Territory solely by reason of such person's presence there in connection with activities under this Agreement.

(3) No United States contractor shall be liable to pay income tax in the Territory in respect of any income derived under a contract made in the United States in connection with the purposes of this Agreement, or any tax in the nature of license in respect of any service or work for the United States Government in connection with the purposes of this Agreement.

ANNEX II—JURISDICTION AND CLAIMS

1. (a) Subject to the provisions of sub-paragraphs (b) to (l) of this paragraph,

(i) the military authorities of the United States shall have the right to exercise within the Territory all criminal and disciplinary jurisdiction conferred on them by United States law over all persons subject to the military law of the United States; and

(ii) the authorities of the Territory shall have jurisdiction over the members of the United States Forces with respect to offenses committed within the Territory and punishable by the law in force there.

(b):

(i) The military authorities of the United States shall have the right to exercise jurisdiction over persons subject to the military law of the United States with respect to offenses, including offenses relating to security, punishable by the law of the United States but not by the law in force in the Territory.

(ii) The authorities of the Territory shall have the right to exercise exclusive jurisdiction over members of the United States Forces with respect to offenses, including offenses relating to security, punishable by the law in force in the Territory but not by the law of the United States.

(iii) For the purposes of sub-paragraphs (b) and (c), an offense relating to security shall include:

(aa) treason; and

(bb) sabotage, espionage or violation of any law relating to official secrets or secrets relating to national defense.

(c) In cases where the right to exercise jurisdiction is concurrent the following rules shall apply :

(i) The military authorities of the United States shall have the primary right to exercise jurisdiction over a member of the United States Forces in relation to

(aa) offenses solely against the property or security of the United States or offenses solely against the person or property of another member of the United States Forces; and

(bb) offenses arising out of any act or omission done in the performance of official duty.

(ii) In the case of any offense the authorities of the Territory shall have the primary right to exercise jurisdiction.

(iii) If the authorities having the primary right decide not to exercise jurisdiction, they shall notify the other authorities as soon as practicable. The United States authorities shall give sympathetic consideration to a request from the authorities of the Territory for a waiver of heir primary right in cases where the authorities of the Territory consider such waiver to be of particular importance. The authorities of the Territory will waive, upon request, their primary right to exercise jurisdiction under this paragraph, except where they in their discretion determine and notify the United States authorities that it is of particular importance that such jurisdiction be not waived.

(d) The foreging provisions of this paragraph shall not imply any right for the military authorities of the United States to exercise jurisdiction over persons who belong to, or are ordinarily resident in, the Territory, or who are British subjects of Commonwealth citizens or British protected persons, unless they are military members of the United States Forces.

(c) :

(i) To the extent authorized by law, the authorities of the Territory and the military authorities of the United States shall assist each other in the service of process and in the arrest of members of the United States Forces in the Territory and in handing them over to the authorities which are to exercise jurisdiciton shall, if he is in the hands of the United States authori-

(ii) The authorities of the Territory shall notify promply the military authorities of the United States of the arrest of any member of the United States Forces.

(iii) Unless otherwise agreed, the custody of an accused member of the United States Forces over whom the authorities of the Territory are to exercise jurisdiction shall, if he is in the hands of the Unted States authorities, remain with the United States authorities until he is charged. In cases where the United States authorities may have the responsibility for custody pending the completion of judicial proceedings, the United States authorities shall, upon request, make such a person immediately available to the authorities of the Territory for purposes of investigation and trial and shall give full consideration to any special views of such authorities as to the way in which custody should be maintained.

(f) :

(i) To the extent authorized by law, the authorities of the Territory and of the United States shall assist each other in the carrying out of all necessary investigations into offenses, in providing for the attendance of witnesses and in the collection and production of evidence, including the seizure and, in proper cases, the handing over of objects connected with an offense. The handing over of such objects may, however, be made subject to their return within the time specified by the authorities delivering them.

(ii) The authorities of the Territory and of the United States shall notify one another of the disposition of all cases in which there are concurrent rights to exercise jurisdiction.

(g) A death sentence shall not be carried out in the Territory by the military authorities of the United States.

(h) Where an accused has been tried in accordance with the provisions of this paragraph and has been acquitted or has been convicted and is serving, or has served, his sentence or has been pardoned, he may not be tried again for the same offense within the Territory. Nothing in this paragraph shall, however, prevent the military authorities of the United States from trying a military member of the United States Forces for any violation of rules of discipline arising from an act or omission which constituted an offense for which he was tried by the authorities of the Territory.

(i) Whenever a member of the United States Forces is prosecuted by the authorities of the Territory he shall be entitled:

(i) to a prompt and speedy trial;

(ii) to be informed in advance of trial of the specific charge or charges made against him;

(iii) to be confronted with the witnesses against him;

(iv) to have compulsory process for obtaining witnesses in his favor if they are within the jurisdiction of the Territory;

(v) to have legal representation of his own choice for his defense or to have free or assisted legal representation under the conditions prevailing for the time being in the Territory;

(vi) if he considers it necessary, to have the services of a competent interpreter; and

(vii) to communicate with a representative of the United States and, when the rules of the court permit, to have such a representative present at his trial which shall be public except when the court decrees otherwise in accordance with the law in force in the Territory.

(j) Where a member of the United States Forces is tried by the military authorities of the United States for an offense committed outside the areas used by the United States or involving a person, or the property of a person, other than a member of the United States Forces, the aggrieved party and representatives of the Territory and the aggrieved party may attend the trial proceedings except where this would be inconsistent with the rules of the court.

(k) A certificate of the appropriate United States commanding officer that an offense arose out of an act or omission done in the performance of official duty shall be conclusive, but the commanding officer shall give consideration to any representation made by the authorities of the Territory.

(l) Regularly constituted military units or formations of the United States Forces shall have the right to police the areas used by the United States. The military police of the United States Forces may take all appropriate measures to ensure the maintenance of order and security within these areas.

2. (a) The Government of the United States of America and the Government of the United Kingdom respectively waive all claims against the other of them—

(i) for damage to any property owned by it and used by its land, sea or air armed services if such damage—

(aa) was caused by a member of the armed services or by an employee of a Department with responsibility for the armed services of either Government in the execution of his duties or

(bb) arose from the use of any vehicle, vessel or aircraft owned by either Government and used by its armed services provided either that the vehicle, vessel or aircraft causing the damage was being used in connection with official duties, or the damage was caused to property being so used.

(ii) For injury or death suffered by any member of its armed services while such member was engaged in the performance of his official duties.

(iii) For the purpose of this paragraph "owned" in the case of a vessel includes a vessel on bare boat charter, a vessel requisitioned on bare boat terms and a vessel seized in prize (except to the extent that the risk of loss or liability is borne by some person other than either Government).

(b):

(i) The United States Government shall, in consultation with the Government of the Territory, take all reasonable precautions against possible danger and damage resulting from operations under this Agreement.

(ii) The United States Government agrees to pay just and reasonable compensation, which shall be determined in accordance with the measure of damage prescribed by the law of the Territory, in settlement of civil claims (other than contractual claims) arising out of acts or omissions of members of the United States Forces done in the performance of official duty or out of any other act or omission or occurrence for which the United States Forces are legally responsible.

(iii) Any such claim presented to the United States Government shall be processed and settled in accordance with the applicable provision of United States law.

TREATIES AND OTHER INTERNATIONAL ACTS SERIES 8230

UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND

NAVAL SUPPORT FACILITY ON DIEGO GARCIA

Agreement effected by exchange of notes—Signed at London February 25, 1976; Entered into force February 25, 1976. With supplementary arrangements and related notes.

The British Minister of State of Foreign and Commonwealth Affairs to the Changé d'Affaires ad interim

Note No. DPP 063/530/2

FOREIGN AND COMMONWEALTH OFFICE,
London, February 25, 1976.

HON. RONALD I. SPIERS,
Embassy of the United States of America,
Grosvenor Square,
London.

SIR: I have the honour to refer to the Agreement constituted by the Exchange of Notes dated 30 December[1] 1966 between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the United States of America concerning the availability of the British Indian Ocean Territory for defense purposes and to the Agreement constituted by the Exchange of Notes date 24 October 1972[2] between the two Governments concerning a limited United States naval communications facility on Diego Garcia, British Indian Ocean Territory. Pursuant to paragraph 2(b) of the former Agreement, I now convey the approval in principle of the Government of the United Kingdom to the development of the present limited naval communications facility on Diego Garcia into a support facility of the United States Navy and propose an Agreement in the following terms:

(1) SCOPE OF THE FACILITY

(a) Subject to the following provisions of this Agreement, the Government of the United States shall have the right to develop the present limited naval communications facility on Diego Garcia as a support facility of the United States Navy and to maintain and operate it. The facility shall consist of an anchorage, airfield, support and supply elements and ancillary services, personnel accommodation, and transmitting and receiving services. Immovable structures, installations and buildings for the facility may, after consultation with the appropriate administrative authorities of the United Kingdom, be constructed within the specific area shown in the plan attached to this Note. The specific area may be altered from time to time as may be agreed by the appropriate administrative authorities of the two Governments.

(b) During the term of the Agreement the Government of the United States may conduct on Diego Garcia such functions as are necessary for the development, use, maintenance, operation and security of the facility. In the exercise of these functions the Government of the United States, members of the United States Forces and contractor personnel shall have freedom of access to that part of Diego Garcia outside the specific area referred to in sub-paragraph (a), but the Government of the United States may erect or construct immovable structures, installations and buildings outside the specific area only with the prior agreement of the appropriate administrative authorities of the Government of the United Kingdom.

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[1] TIAS 6196; 18 UST 28.

[2] TIAS 7481; 23 UST 3087.

(c) Delimitation of the specific area shall, subject to the provisions of the BIOT Agreement and after consultation with the appropriate United States authorities with a view to avoiding interference with the existing use of the facility, in no way restrict the Government of the United Kingdom from constructing and operating at their own expense their own defence facilities within that area, or from using that part of Diego Garcia outside the specific area.

(2) PURPOSE

The facility shall provide an improved link in United States defence communications, and furnish support for ships and aircraft owned or operated by or on behalf of either Government.

(3) CONSULTATION

Both Governments shall consult periodically on joint objectives, policies and activities in the area. As regards the use of the facility in normal circumstances, the Commanding Officer and the Officer in Charge of the United Kingdom Service element shall inform each other of intended movements of ships and aircraft. In other circumstances the use of the facility shall be a matter for the joint decision of the two Governments.

(4) ACCESS TO DIEGO GARCIA

(a) Access to Diego Garcia shall in general be restricted to members of the Forces of the United Kingdom and of the United States, the Commissioner and public officers in the service of the British Indian Ocean Territory, representatives of the Governments of the United Kingdom and of the United States and, subject to normal immigration requirements, contractor personnel. The Government of the United Kingdom reserves the right, after consultation with the appropriate United States administrative authorities, to grant access to members of scientific parties wishing to carry out research on Diego Garcia and its environs, provided that such research does not unreasonably interfere with the activities of the facility. The Commanding Officer shall afford appropriate assistance to members of these parties to the extent feasible and on a reimbursable basis. Access shall not be granted to any other person without prior consultation between the appropriate administrative authorities of the two Governments.

(b) Ships and aircraft owned or operated by or on behalf of either Government may freely use the anchorage and airfield.

(c) Pursuant to the provisions of the second sentence of paragraph (3) of the BIOT Agreement, ships and aircraft owned or operated by or on behalf of a third government, and the personnel of such ships and aircraft, may use only such of the services provided by the facility, and on such terms, as may be agreed in any particular case by the two Governments.

(5) PROTECTION AND SECURITY

Responsibility for protection and security of facility shall be vested in the Commanding Officer, who shall maintain a close liaison with the Commissioner. The two Governments shall consult if there is any threat to the facility.

(6) SHIPPING, NAVIGATION AND AVIATION FACILITIES

The Government of the United States shall have the right to install, operate and maintain on Diego Garcia such navigational and communications aids as may be necessary for the safe transit of ships and aircraft into and out of Diego Garcia.

(7) RADIO FREQUENCIES AND TELECOMMUNICATIONS

(a) Subject to the prior concurrence of the Government of the United Kingdom, the Government of the United States may use any radio frequencies, powers and band widths for radio services (including radar) on Diego Garcia which are necessary for the operation of the facility. All radio communciations shall comply at all times with the provisions of the International Telecommunications Convention.[3]

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[3] TIAS 6297; 18 UST 575.

(b) The Government of the United States may establish such land lines on Diego Garcia as may be necessary for the facility.

(8) CONSERVATION

As far as possible the activities of the facility and its personnel shall not interfere with the flora and fauna of Diego Garcia. When their use is no longer required for the purposes of the facility, the two Governments shall consult about the condition of the three inlets at the mouth of the lagoon with a view to restoring them to their original condition. However, neither Government shall be under any obligation to provide funds for such restoration.

(9) ANCHORAGE DUES AND AVIATION CHARGES

Collection of dues and charges for use of the anchorage and airfield at Diego Garcia which may be levied by the Commissioner shall be his responsibility. Aircraft and ships owned or operated by or on behalf of the Government of the United States shall be permitted to use the anchorage and airfield without the payment of any dues or charges.

(10) METEOROLOGY

The Government of the United States shall operate a meteorological facility on Diego Garcia and supply such available meteorological information as may be required by the Government of the United Kingdom and the Government of Mauritius to meet their national and international obligations.

(11) UNITED KINGDOM SERVICE ELEMENT

The United Kingdom Service element on Diego Garcia shall be under the Command of a Royal Navy Officer who shall be known as the Officer-in-Charge of the United Kingdom Service element.

(12) FINANCE

(a) The Government of the United States shall bear the cost of developing, operating and maintaining the facility. However, in relation to United Kingdom personnel attached to the facility, the Government of the United Kingdom shall be responsible for their pay, allowances and any other monetary gratuities, for the cost of their messing, and for supplies or services which are peculiar to or provided for the exclusive use of the United Kingdom Services or their personnel and which would not normally be provided by the Government of the United States for the use of its own personnel.

(b) Except in relation to the United Kingdom Service personnel attached to the facility, logistic support furnished at Diego Garcia by either Government, upon request, to the other Government, shall be on a reimbursable basis in accordance with the laws, regulations and instructions of the Government furnishing the support.

(13) FISHERIES, OIL AND MINERAL RESOURCES

The Government of the United Kingdom will not permit commercial fishing in the lagoon or oil or mineral exploration or exploitation on Diego Garcia for the duration of this Agreement. Furthermore, the Government of the United Kingdom will not permit commercial fishing or oil or mineral exploration or exploitation in or under those areas of the waters, continental shelf and sea-bed around Diego Garcia over which the United Kingdom has sovereignty or exercises sovereign rights, unless it is agreed that such activities would not harm or be inimical to the defence use of the island.

(14) HEALTH, QUARANTINE AND SANITATION

The Commanding Office and the Commissioner shall collaborate in the enforcement on Diego Garcia of necessary health, quarantine and sanitation provisions.

(15) NEWS BROADCAST STATION

The Government of the United States may establish and operate a closed circuit TV and a low power radio broadcast station to broadcast news, entertainment and educational programmes for personnel on Diego Garcia.

(16) PROPERTY

(a) Title to any removable property brought into Diego Garcia by or on behalf of the Government of the United States, or by a United States contractor, shall remain in the Government of the United States or the contractor, as the case may be. Such property of the Government of the United States, including official papers, shall be exempt from inspection, search and seizure. Such property of either the Government of the United States or of a United States contractor may be freely removed from Diego Garcia, but should not be disposed of within the British Indian Ocean Territory or Seychelles unless an offer, consistent with the laws of the United States then in effect, has been made to sell the property to the Commissioner and he has not accepted such offer within a period of 120 days after it was made or such longer period as may be reasonable in the circumstances. Any such property not removed or disposed of within a reasonable time after termination of this Agreement shall become the property of the Commissioner.

(b) The Government of the United States shall not be responsible for restoring land or other immovable property to its original condition, nor for making any payment in lieu of restoration.

(17) AVAILABILITY OF FUNDS

To the extent that the carrying out of any activity or the implementation of any part of this Agreement depends upon funds to be appropriated by the Congress of the United States, it shall be subject to the availability of such funds.

(18) REPRESENTATIVE OF THE COMMISSIONER

The Commissioner shall designate a person as his Representative on Diego Garcia.

(19) SUPPLEMENTARY ARRANGEMENTS

Supplementary arrangements between the appropriate administrative authorities of the two Governments may be made from time to time as required for the carrying out of the purposes of this Agreement.

(20) DEFINITIONS AND INTERPRETATION

(a) For the purposes of this Agreement "BIOT Agreement" means the Exchange of Notes dated 30 December 1966, between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the United States of America concerning the availability of the British Indian Ocean Territory for defence purposes; "Commanding Officer" means the United States Navy Officer in command of the facility; "Commissioner" means the officer administering the Government of the British Indian Ocean Territory; "Diego Garcia" means the atoll of Diego Garcia, the lagoon and the three inlets at the mouth of the lagoon.

(b) Questions of interpretation arising from the application of this Agreement shall be the subject of consultation between the two Governments.

(c) The provisions of this Agreement shall supplement the BIOT Agreement and shall be construed in accordance with that Agreement. In the event of any conflict between the provisions of the BIOT Agreement and this Agreement the provisions of the BIOT Agreement shall prevail.

(21) THE DIEGO GARCIA AGREEMENT 1972

This Agreement shall replace the Agreement constituted by the Exchange of Notes dated 24 October 1972 between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the United States of America concerning a limited United States naval communications facility on Diego Garcia, British Indian Ocean Territory.

(22) DURATION AND TERMINATION

This Agreement shall continue in force for as long as the BIOT Agreement continues in force or until such time as no part of Diego Garcia is any longer required for the purposes of the facility, whichever occurs first.

2. If the Government of the United States of America also approves in principle the development of the facility subject to the above terms, I have the honour to

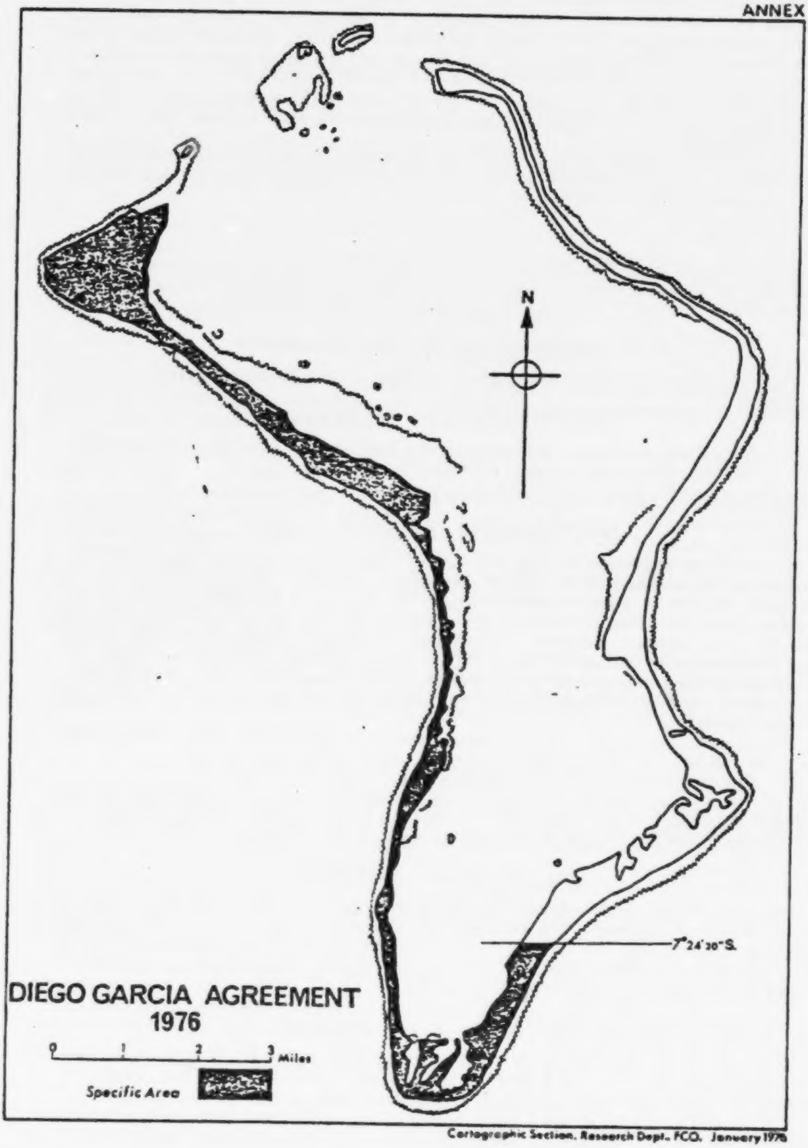
propose that this Note and the plan annexed to it, together with your reply to that effect, shall constitute an Agreement between the two Governments which shall enter into force on the date of your reply and shall be known as the Diego Garcia Agreement 1976.

I have the honour to be with high consideration Sir,

Your obedient Servant,

Roy Hattersley.

ANNEX



Cartographic Section, Research Dept., FCO. January 1976

Senator Huddleston. Have we ever encountered opposition to our use of these facilities or had limitations placed on use?

Answer. We have encountered no opposition to the use of these facilities.

USE OF LAJES

Senator Huddleston. I believe we used Lajes during the Arab-Israeli conflict when we couldn't use other facilities. Could you review our activities at that time?

Answer. During the time of the Arab-Israeli conflict, overflight and landing rights at locations other than Lajes were denied to us US commercial air carriers also were wary of flying supplies to Israel for fear of losing landing rights and fuel in Arab nations. A decision was made to use US military aircraft across the Atlantic via Lajes; thence, directly into LOD Field, Israel. Therefore, Lajes was vital to the airlift of military supplies during this crisis. A total of 567 sorties (145 C–5s and 422 C–141s) was flown over a 32-day period, transporting 22,318 short tons of cargo and using 33,000,000 gallons of fuel.

Senator Huddleston. Will you have airlift stations in addition to Lajes and Diego Garcia, for example [deleted]?

Answer. [Deleted.]

Senator Huddleston. How will aeromedical evacuation be handled?

Answer. Aeromedical evacuation service to [deleted] Diego Garcia, and Lajes, Azores, will be provided by the Commander in Chief, Military Airlift Command (CINCMAC). As patient requirements are reported to MAC, medical crews and C–141 aircraft will originate at the following locations:

(*a*) Rhein Main AB, Germany, will provide aeromedical evacuation support to [deleted]. Normally these patients will be flown to a military medical treatment facility having the required specialty care in Germany. Aeromedical evacuations requirements can be met wtih routine or opportune channel missions returning to either Rhein Main AB, Germany, or Philippine Islands. Presently, there are eight C–141 channel missions per week and one C–9A aeromedical evacuation mission every other week serving [deleted] that could be used to support aeromedical evacuation requests from [deleted]. In addition, there are three C–141 channel missions per week serving Diego Garcia and [deleted].

(*b*) Clark AB, Philippine Islands, will provide aeromedical evacuation support to Diego Garcia. Normally, these patients will be flown to a military medical treatment facility having the required specialty care in the Philippine Islands.

(*c*) McGuire AFB, New Jersey, or Rhein Main AB, Germany, will provide aeromedical evacuation support to Lajes, Azores. Normally, these patients will be flown to a military medical treatment facility having the required specialty care in CONUS or Germany.

Regular or opportune MAC channel missions will be utilized wherever practicable to respond to all routine and emergency aeromedical evacuation requirements originating at the above locations. Patient evacuation flow will be determined based on the availability of aircraft and medical crews, the severity of patient's medical condition and the capability of the destination medical treatment at the time of movement request.

Senator Huddleston. Can you quantify (types of planes landing, number which can be serviced, et cetera) the airlift capability you presently have and that which you will have after completion of the requested construction?

Is your capability constrained more by facility availability or airlift availability?

Answer. Yes. Lajes presently has a capability to refuel 75 sorties per day. The wartime requirement is [deleted] airlift sorties per day. Fiscal year 1981 funds would improve the capability to 150 sorties per day.

Ramp space and refueling capability are significant factors in airfield capability. Facility improvements are necessary to use airlift aircraft effectively. More airlift aircraft are needed to reduce the wartime shortfall in airlift requirements.

Senator Huddleston. What will be the command and construction agency responsibility be for each service in each country?

Answer. The only assigned command responsibilities at present are the Navy effort at Diego Garcia which is under the Commander in Chief, Pacific Fleet (CINCPACFLT) and the Air Force effort at Diego Garcia which falls under the Pacific Air Forces (PACAF). At Lajes, the Air Force command is the Military Airlift Command.

Construction agents are designated as follows:

[Deleted]—Corps of Engineers, Army.

[Deleted]—Naval Facilities Engineering Command.

This designation has been made and cleared with the appropriate officials in the Department of Defense. Navy will continue to act as construction agent at Diego Garcia and Lajes.

Senator HUDDLESTON. Some requested projects, for example, the various Air Force facilities at various locations at a cost of $86 million, do not even indicate what mission will use the facility. Is this an indication that you don't know the size and/or composition of the mission?

ANSWER. Mission requirements for peacetime operations, exercises, and surge operations for contingencies were used to develop the requested projects. For example, the requested project, Various Air Force Facilities at Various Locations, is the initial requirement to support exercise and contingency operations up to the following levels of activity:

[Deleted.]

Senator HUDDLESTON. Do you plan to keep caretaker forces at these locations? If so, what length tours will you have and will they be accompanied tours?

Answer. [Deleted.]

Senator HUDDLESTON. Do you plan construction of personnel support facilities at these locations in either the near term or future, or will you use Harvest Eagle or similar facilities?

Answer. Major emphasis in the current request is for [deleted]. It is intended that Harvest Eagle or similar facilities would be used in the interim to support surge operations.

Senator HUDDLESTON. [Deleted.]

ANSWER. [Deleted.]

Senator HUDDLESTON. Do you plan to provide rapid turn around of fighter aircraft through the means used in Korea or the means used in Europe?

ANSWER. [Deleted.]

Senator HUDDLESTON. Would you please comment on the similarity of the threat and environment in the Persian Gulf as compared to that in Korea and Europe? We have been told that the difference in threat in these two areas has driven the method of turn around.

ANSWER. The instability of the Persian Gulf region and the absence of [deleted] makes it difficult to predict what the threat to [deleted].

RAPID RUNWAY REPAIR

Senator HUDDLESTON. Are you going to pre-position Rapid Runway Repair sets in these location?

What is the availability of local assistance for Rapid Runway Repair?

ANSWER. No specific pre-positioning of Rapid Runway Repair sets is envisioned. Lajes AFB is located in a low threat area and, therefore, we do not anticipate a requirement that could not be met by the Air Force civil engineers at Lajes. The Navy's Seabee battalion currently located on Diego Garcia will provide a repair capability for the duration of their ongoing construction effort. In the Persian Gulf area, we plan to rely on local construction industry resources during the initial stages of conflict with personnel, equipment, and materiel augmentation from US resources as the situation may dictate. We are not aware of any local military capability for Rapid Runway Repair. However, we have not totally assessed the extent and nature of local assistance which might be available for Rapid Runway Repair nor have we discussed or entered into agreements on this matter with host governments.

CONSTRUCTION CAPABILITY

Senator HUDDLESTON. Do your planned deployments include RED HORSE, SEA BEE, and other construction capability?

ANSWER. We anticipate all construction will be accomplished by contractors. However, this does not preclude the use of RED HORSE, SEA BEE, or other military construction capability for some specific portions of the work particularly suited to troop labor if it were deemed to be appropriate at some later date.

Senator **Huddleston.** Since the construction requested is not finitely identified in supporting documentation, we assume you need flexibility in facilities to be constructed. If this is the case, wouldn't it have been better to ask for authorization and appropriation under Section 402, the Secretary of Defense Emergency Military Construction Authorization? Under Section 402, you could come back to tell us what you specifically planned to do when you had it better identified, rather than ask us to approve so many unknowns.

Answer. Mr. Chairman, when we first started to put together the military construction requirements which we are presenting today, the utilization of the Secretary of Defense Contingency Fund was one of the options explored. However, it was decided that we would present the budget request as "various locations" and provide the Committees as much information as possible in support of this request rather than ask for a "lump sum" authorization and appropriation. We feel that either approach provides the necessary flexibility for the Secretary of Defense and either approach is a workable solution.

OUTYEAR PROGRAMS

Senator **Huddleston.** What detail do you presently have on your outyear programs in these areas?

Can you give an indication of priorities among these requirements?

Answer. The concept and scope on outyear programs in these areas have been developed for some mission requirements. For example, many of the project requirements requested in the FY 1981 Amendment are the first increment of what is needed to achieve an expected level of activity. Programs to support other capabilities have been considered but have not been fully developed.

The projects requested in the FY 1981 Amendment reflect the general priorities among locations and missions. The priority among early outyear requirements follows the same general pattern as to location and mission support. However, as facility construction for a given level of activity is completed, other requirements will become more important.

Senator **Huddleston.** News reports at the end of last week indicated that agreements had pretty well been finalized with [deleted]. What is the substance of these agreements—what rights does the U.S. have and what limitations are placed on use?

Answer. The agreement with the Government of [deleted] is as follows:

The agreement is classified and provided for the Committee records.

Senator **Huddleston.** Your FY 80 addition requests $4.3 million for planning and design for the Army, $19 million for the Navy and $24.7 million for the Air Force. What total program level do you expect to plan and design with those funds?

Do the requested funds represent a percentage of some total program or did other factors also contribute to the cost estimates?

Are there any unusual or unique facilities to be planned or can you say that all proposed construction is pretty routine?

Answer. It is expected that a program level of $550–$600 million will be planned and designed with the FY 1980 Supplemental request.

The requested funds were not based on a straight percentage of the total program. Percentages were used together with additional factors such as the need for hydrographic surveys at Diego Garcia and the littoral countries, the lack of engineering data for the littoral countries, and resultant requirements for greater engineering investigation than is the norm, and a higher cost for initial planning for incremental programs. (For example, the $4.3 million for the Army is necessary for planning, concept, and final design of the requested FY 1981 amended construction requirement amounting to $21.4 million. This project is the first increment of proposed construction for a [deleted] base camp which represents 20 to 30 percent of the total program. The high cost for initial planning for a longer term program contributed to the planning and design cost estimate.)

No unusual or unique facilities are planned—the proposed facility construction is considered routine although there is a greater than normal need for engineering investigations because of the lack of engineering data for the littoral countries.

Senator **Huddleston.** You are requesting $23.5 million for construction of Naval facilities at Diego Garcia in FY 80.

To what extent are these facilities designed?

If approved, when could the projects be advertised?

ANSWER. The designs for the UEPH will be a site-adaptation of existng design that has been constructed on Diego Garcia. The designs for the Air Cargo Terminal, Supply/Storage Facilities and Maintenance Shops will be based on standard definitive designs utilizing pre-engineered buildings. The design of all these facilities should be completed in July 1980. Design of the Electric Power and Distribution System will be completed in December 1980.

If the projects are approved and funds are available, procurement of material could commence in July/August 1980 with construction start by the Seabees in August 1980.

OPERATIONAL FACILITIES

Senator HUDDLESTON. Under the construction program you have presented when would we actually have completed, operation facilities in each of the countries?

ANSWER. For Lajes and Diego Garcia, facilities would be completed and operational on an incremental basis beginning in FY 1982. All projects requested would be completed by mid-1983.

In the other countries, it is difficult to be precise in determining when facilities may be completed because of the uncertainty concerning various factors such as site conditions and availability of materials. However, a period of 1½ to 2½ years from authorization is estimated, with facilities being completed on an incremental basis during that period.

Senator HUDDLESTON. What criteria was used to determine which military construction projects would be cut from the budget in order to offset some of the increases?

ANSWER. The military construction projects which were deferred were selected on the basis of priority. The projects deferred were those which would have the least impact on mission effectiveness, quality of life, retention, or productivity. In a few cases, the military departments were able to identify projects which should be deferred based on recent reevaluation of project cost or for technical problems. In general, the deferred projects are valid requirements which will be resubmitted in future year military construction programs.

Senator HUDDLESTON. What, if any, is the legal authority for seeking to move FY 80 funds from the Defense procurement account to military construction? Exactly how do you plan to do this?

ANSWER. The necessary authority is not available but is being requested in the appropriation language for the military construction accounts. If this language is approved by the Congress and signed into law by the President (Supplement Appropriations 1980), the necessary authority will be provided.

Upon enactment, the procurement accounts will be decreased and the military construction accounts increased on the books of the Department of Treasury.

Senator HUDDLESTON. In the FY 81 reductions, there are significant decreases in planning and design funds requested. Is this related to program reductions in outyears? How were the specific figures for each service derived?

ANSWER. Requirements for military construction for fiscal years 1982–86 are currently under review in the normal Defense planning, programing, budgeting system process. After review of the Services' program objective memoranda (POM), the Secretary will issue program decision memoranda (PDM). The latter will be the basis for the Services submission of the fiscal year 1982 budget this fall. The budget will then be jointly reviewed by the Office of the Secretary of Defense and the Office of Management and Budget. The results of this review, after adjustment/approval by the President, will determine the programs for fiscal year 1982.

Accordingly, program reductions in the outyears were not the basis for the decreases in fiscal year 1981 planning and design funds. Rather, a general reduction was made, derived for each Service based on their proportion of total construction funds. The general reduction does not imply that requirements have disappeared; rather, it is a judgment of relative priorities.

Senator HUDDLESTON. The list of FY 81 Army reductions appears to contain a disproportionate number of energy conservation projects. Was that intentional?

ANSWER. The projects related to energy conservation which were used as reductions were selected for two reasons; Five of the projects totalling $2.31M were identified as not meeting the required E/C ratio of 20. The remaining 7 ECIP projects were selected based on a criteria of using as reductions projects for which cost estimates indicated a 25% or more increase above the requested amount. There was no intention to specifically reduce energy conservation projects. As a matter of fact, if the $97 million reduction was assigntd proportionally by amount in each category, the straight line reduction would be $6.9 million of the $71.7 million ECIP in the request. The amount actually used for reductions was $5.1 million.

Senator HUDDLESTON. A number of FY 81 projects at Bamberg, Germany, are among the reductions. Does this represent a change in plans/mission for Bamberg?

ANSWER. There has not been a change in the plans or missions for Bamberg. The projects are valid projects to properly locate an artillery battalion with the brigade it supports. The reason the projects were deleted was based on priority assessment.

Senator HUDDLESTON. The list of FY 81 Air Force reductions include seven phase IV data processing facilities. Does this represent a change in policy to those facilities?

ANSWER. No sir. These reductions are due to a redirection of the Phase IV program as a result of reviews by the House Government Operations Committee (GOC) and the General Services Administration. This resulted in a slippage of the delivery schedules of the equipment which caused a rescheduling of the various bases that are to receive Phase IV computers. These bases will now be more properly programmed in FY 82.

QUESTIONS SUBMITTED BY SENATOR STROM THURMOND, ANSWERS SUPPLIED BY HON. HANS MARK, SECRETARY OF THE AIR FORCE

Senator THURMOND. Given that we are now entering a recession and that housing starts and other construction is down in the State of California, has (or will) the Air Force given serious consideration to recompeting the Vandenberg shuttle complex construction contracts?

Dr. MARK. The Air Force has thoroughly reviewed the low bids received for packages 2 and 4 of the launch complex and has evaluated all possible options, including recompeting the projects. The Army Corps of Engineers also analyzed the low bids and found them fair and reasonable. This analysis revealed that the Air Force underestimated the inflation rate, the cost of constructing unique structures to rigid specifications and close tolerances, and the quantities of steel and concrete. Accordingly, it is doubtful that a lower bid could be obtained by recompeting the projects.

Our August 1979 schedule for the Vandenberg launch complex specified a November 1979 contract award for package 2 and a March 1980 contract award for package 4. Recompeting the projects would delay contract award at least until August 1980. This delay would almost certainly slip the operational date of the Shuttle to the extent that it could no longer accommodate a Department of Defense (DOD) mission scheduled for October 1984.

In summary, the Air Force decided not to recompete the projects since: (a) The current low bids are considered fair and reasonable, (b) it is doubtful that rebidding would produce lower bids, and (c) additional delays would jeopardize Shuttle support of the October 1984 DOD mission. As a result of these decisions Package 2 was awarded on April 22, 1980.

SPACE SHUTTLE DELAYS

Senator THURMOND. The Space Shuttle flight date has changed many times during the past two years. To say that all four vehicles will be completed on schedule is very optimistic. The technical problems associated with the Thermal Protection System are so severe that NASA has recently initiated an alternate Title Development Program at NASA-Langley. In the event this material program results in the development of a new tile material, a significant time delay will occur in order to retrofit the Shuttle. Has the Air Force done a cost-risk analysis which balances the Vandenberg construction start date with the Shuttle's current get well schedule?

Dr. MARK. I have personally reviewed the entire Shuttle program over the past few months, and I am confident the Shuttle program can meet its milestones.

As to the Thermal Protection System, NASA intends to fly Orbiter 102 with the existing thermal protection system. They are confident that the baseline thermal protection system will be satisfactory and will meet the current schedule.

Several activities are underway to assure that the baseline system meets the stringent requirements as planned and also to make as many improvements as costs and schedules will allow in subsequent Orbiters. A stronger basic tile has been developed by NASA at the Ames Research Center and steps have been taken to bring it on line in the Lockheed production facility in time for possible partial incorporation on Orbiter 099 and full utilization on Orbiters 103 and 104. An improved low temperature material and strain isolator pad material are also being tested with similar potential for adoption. All of the improvements found necessary on Orbiter 102, such as tile densification, off-vehicle sonic screening testing, proof testing, and a number of tile reconfiguration designs will be incorporated on subsequent Orbiters.

The objective of the Langley study that you mentioned is to assess current technology in the broad thermal protection state-of-the-art to identify any improvements for future Orbiters which may have occurred since the Space Shuttle design was chosen. It is possible that some discrete findings of this study would warrant retrofit on Orbiter 102 on a non-interference basis, but it is not the intent of this study to find an alternate system for Orbiter 102.

The Air Force has not recently done anything I would call a "cost-risk" analysis of the Vandenberg construction start. We believe that NASA can meet the Orbiter delivery milestones which are critical to our Vandenberg operations, and so we have committed several of our critical Defense programs to Shuttle. Our current construction schedule is phased to support that commitment.

SHUTTLE BACKUP

Senator Thurmond. In the event the Shuttle is not available for the national security spacecraft programs in 1983/84, are adequate expendable boosters available to handle the launches?

Dr. Mark. We currently have five Titan expendable launch vehicles to backup the 11 critcial Defense Shuttle missions scheduled from both Kennedy and Vandenberg through fiscal year 1985. We are also reprogramming FY 80 funds to maintain the Titan production capability until October 1981. We will review this decision each year to determine any further actions that might be needed to keep the Titan production capability in being until Shuttle IOC. However, even assuming such actions, certain national security payloads, those which would require redesign to be compatible with Titan, would probably have to be delayed if the Shuttle were not available.

PAYLOAD COMPATIBILITY

Senator Thurmond. Are these military payloads Shuttle/Booster compatible?

Dr. Mark. Most of our payloads are compatible with both the Shuttle and expendable boosters, but there are some significant exceptions. We have two critical launches planned for 1983 from Kennedy which are Shuttle optimized designs; we also have one critical launch planned in early 1985 from Vandenberg with a Shuttle optimized spacecraft. These Shuttle optimized missions cannot be backed up by current boosters.

We also plan to conduct some experiental flights, such as will be done by our Space Test Program, which will be Shuttle unique configurations; however, we do not intend to back up these experimental missions.

VANDENBERG COMPLETION

Senator Thurmond. What is the proposed completion date of the Vandenberg Shuttle Launch Complex?

Dr. Mark. At this point I can't project a precise date when we can be ready at Vandenberg. We had been targeting for a December 1983 IOC there, but as you know, we have encountered about a six month delay in construction of the launch pad because the bids were over our available budget. This will undoubtedly have an impact on when we will be ready, and I am currently evaluating the available options. We may still be able to find some work-arounds which reduce the overall schedule impact, although I am not optimistic in that regard. I am, however, convinced we can meet our launch commitments, particularly for the Defense missions in 1984. I'll notify the Committee as soon as I have a specific completion date.

ADEQUATE BOOSTERS

Senator THURMOND. If this date were to slip one year, are adequate expendable boosters available to meet the AF launch requirement?

Dr. MARK. We do have backup boosters available for two of the three critical Defense missions planned in late 1984 and early 1985. The third flight is a Shuttle optimized spacecraft which is not compatible with our current expendable boosters.

I must point out, however, that these boosters are there to provide insurance against the schedule uncertainties which result from the technical complexity of the Vandenberg activation; those activation-related uncertainties will remain even if the Vandenberg schedule is slipped. Consequently, the insurance would still be required if we were to decide now to slip the Vandenberg schedule and fly the late 1984 and early 1985 missions on Titan boosters which are currently in the program.

RANGE SAFETY PLAN

Senator THURMOND. Has a Range Safety Plan been prepared for the Vandenberg Shuttle launch complex?

Dr. MARK. The range safety plans for Vandenberg are being developed now and are progressing satisfactorily. We are also involved in all aspects of NASA's planning at KSC. We are evaluating risks to press observers, spectators, and the local population, as well as the effects of new county planning actions and developments. Preliminary orbiter trajectories and effects of possible failure mode have been analyzed to develop preliminary destruct criteria. Preliminary Shuttle range safety system information has been supplied to the Western Space and Missile Center (WSMC) for their long range ground and range safety planning. The WSMC flight safety system will be modified as needed to support Space Shuttle.

QUESTIONS SUBMITTED BY SENATOR STROM THURMOND, ANSWERS SUPPLIED BY JOHN ROLLENCE, DIRECTOR, FACILITIES PROGRAMMING, OFFICE OF THE DEPUTY ASSISTANT SECRETARY OF DEFENSE (INSTALLATIONS AND HOUSING)

Question. Mr. Secretary, how did DoD determine the money figure each of the services were requested to delete from the FY 1981 military construction budgets?

Answer. No money figures were established as target for each service to delete from the FY 1981 military construction budgets. Rather, the existing FY 1981 budgets for all components for all appropriations were reviewed to determine where offsets might be taken with the least impact on national defense. The offsets being required, in these times of fiscal constraints, to partially finance Indian Ocean operations, higher than budgeted inflation rates and updated fuel costs. As a result of this review of priorities, offsets were identified in the amount of $1.6 billion spread among many Defense appropriations. Of this, $224.7 million was in the construction budgets.

Question. What projects were proposed by the Services for deletion that were not accepted by DoD and why?

Answer. The following projects were not accepted for use as offsets:

Installation and project	Amount (thousands)	Basis for rejection
Augsburg, Germany: Warehouse Rehabilitation	$350	Projects required to support an essential national intelligence requirement.
Various locations: Special operations facilities	3,527	
Bentwaters RAFS, United Kingdom: Aircraft instrument landing and navigational facilities—ILS.	650	Lakenheath control tower deferral permitted restoration of these essential projects.
Humosa radio relay, Spain: Add to and alter satellite communications ground terminal.	420	
Zaragoza AB, Spain: Aircraft instrument landing and navigational facility—ASR/PAR	450	

Question. How did you arrive at the approximately $244 million increase in the FY 1981 budget, that is, why not more or why not less?

Answer. With the exception of increases in family housing for costs associated with obtaining a capability for an accelerated tempo of operations in the Indian

Ocean/Persian Gulf area. Requirements under military construction relate to two general requirements: (1) funds required to plan and design facilities for use by our land, air, and sea forces; and (2) funds required to construct such facilities.

The entire concept is to [deleted].

The amount requested reflects that portion of the requirements which in the judgment of the engineering specialists could be planned, designed, and put under construction in the fiscal year 1981 timeframe.

Question. Mr. Secretary, the Reserve and Guard cuts were $10 million. How much was in the original budget?

Answer. The original Fiscal Year 1981 construction budget for the Guard and Reserve was $216.7 million.

Question. What percent do these deferrals make up of the original request.

Answer. The deferrals proposed in the budget amendment represent 4.6 percent of the original request.

Question. Why has DoD placed on the Reserve and Guard a much higher percentage cut.

Answer. The Guard and Reserve military construction programs were adjusted by $10 million, or approximately 4.6% of their total program. The active military construction programs sustained larger percentage adjustments in order to accommodate the increased emphasis placed on construction in the Indian Ocean area. After adjustment, the Guard and Reserve military construction programs show real growth in FY 1981 over the FY 1980 program ranging from a low of 24% for the Naval Reserve to 121% for the Air National Guard.

Question. What is the current military construction backlog of the Guard and Reserve?

Answer. The current military construction backlog of the Guard and Reserve is approximately $2.5 billion which includes allowances for planning and design and minor construction.

MAGAZINES, POLARIS MISSILE FACILITY ATLANTIC, CHARLESTON, SC

Question. What is the rationale for reducing the magazine buy from $12.5 million to $8.4 million at the Polaris Missile Facility Atlantic in Charleston?

Answer. Updated delivery scheduled for Trident I missiles to POMFLANT revealed, after budget submission, that seven of the twelve missile motor magazines can be deferred to the FY 1983 MILCON budget. Project cost can thereby be reduced from $12,500,000 to $8,400,000.

Question. Why was the new electrical distribution system at a cost of $6.1 million at the Charleston Naval Shipyard placed on the deferral list?

Answer. This utilities project remains a valid, high priority Navy need: Its deferral for one year was viewed as being less disruptive to the readiness of the Fleet and the introduction of new weapons systems as other projects not selected for deferral.

Question. Is it safe to assume that the programs proposed to be cut this year will be restored in the FY 1982 budget?

Answer. Yes sir, nearly all the deferred military construction projects are still valid construction requirements and the services should place them high on the list of requirements for next year's military construction program.

Question. Why did the Air Force decide to delete the 6 data processing facilities?

Answer. The 7 USAF data processing facilities were deleted from the FY 81 MCP due to a redirection of the Phase IV program as a result of reviews by the House Government Operations Committee and the General Services Administration. This resulted in a slippage of computer delivery schedules which caused a rescheduling of the various bases. The bases will now be programmed for FY 82 MCP projects.

AIRCRAFT GROUND SUPPORT EQUIPMENT SHOP, MARINE CORPS AIR STATION, YUMA, ARIZ.

Question. What was the Marine Corps justification for deleting the $2.2 million for the aircraft ground support and equipment shop at the Yuma Air Station.

Answer. A valid requirement remains for this project and it could be executed at the estimated cost within the fiscal year. Deferral of this project to Fiscal

Year 1982 was required because of higher priority requirements. It is believed that the deletion of this project would have the least impact on the mission of the Marine Corps or that it would minimize the impact on quality of life, retention and productivity enhancement goals of the Marine Corps.

QUESTIONS SUBMITTED BY SENATOR JOHN TOWER; ANSWERS SUPPLIED BY JOHN R. ROLLENCE, DIRECTOR, FACILITIES PROGRAMING, OFFICE OF THE DEPUTY ASSISTANT SECRETARY OF DEFENSE (INSTALLATIONS AND HOUSING)

Question. How long has the division headquarters building at Fort Hood been a high priority Army project?

Answer. This project was first considered by the Army for inclusion in the FY 79 MCA program. It was not selected for that, or the FY 80 MCA program due to competing, higher priority projects.

Question. What would be the estimated cost of delaying this project?

Answer. If the project were deleted from the FY 81 MCA program and included in the FY 82 program, the cost of construction is estimated to be $10,202,000.

Question. Is the project ready to proceed if funded in the FY 1981 bill?

Answer. Yes.

Question. What was the rationale for deleting the data processing facilities at various Air Force bases?

Answer. The 7 USAF data rpocessing facilities were deleted from the FY 81 MCP due to a redirection of the Phase IV program as a result of reviews by the House Services Administration. This resulted in a slippage of computer delivery bases. The bases will now be programmed for FY 82 MCP projects.

QUESTIONS SUBMITTED BY SENATOR JOHN TOWER, ANSWERS SUPPLIED BY HON. HANS MARK, SECRETARY OF THE AIR FORCE

Senator TOWER. Mr. Secretary, did the Defense Department initiate the proposed reductions in military construction projects reflected in the FY 1981 supplemental and the services only asked to comment?

[The information was not received in time for printing.]

Senator Tower. Does the individual service or DoD establish priorities on the military construction projects?

[The information was not received in time for printing.]

Senator TOWER. Why were the services not asked to recommend to DoD as opposed to DoD making the initial recommendation?

[The information was not received in time for printing.]

QUESTION SUBMITTED BY SENATOR GORDON J. HUMPHREY FOR JOHN R. ROLLENCE, DIRECTOR, FACILITIES PROGRAMING, OFFICE OF THE DEPUTY ASSISTANT SECRETARY OF DEFENSE (INSTALLATIONS AND HOUSING)

Question. As you know, the Col Regions Research and Engineering Laboratory in Hanover, New Hampshire, is the only facility of its kind in the United States. The laboratory is of particular interest to New Hampshire's Congressional Delegation, especially to Congressman Cleveland who, over years, has maintained a keen interest in the laboratory's development and use.

The laboratory undertakes valuable research related to the conduct of military operations in cold climates. In addition, the research conducted at the laboratory has a very valuable technology spin-off for the civilian sector. This certainly is the case with respect to both road and runway construction. I am disturbed by the proposal to delete $6.1 million from the FY 81 MILCON authorization bill that was originally scheduled to be spent on the construction of a Frost Effects Research Laboratory which would permit the testing of pavements and equipment under severe winter conditions and would thus provide valuable data that could have the U.S. Government millions of dollars in highway and airport maintenance.

In my opinion, the deletion of these funds is short-sighted and I would like a full explanation as to why we are now faced with a proposal to cut funding for the laboratory.

Answer. The Army continues to consider this a high priority project. However, it was necessary to develop an offset to enable the Army to seek funding for the higher priority requirements contained in the budget amendment. One of the criteria used in determining which projects would be used to offset the FY 81 MCA budget amendment was to identify those projects where the cost of construction estimates have increased appreciably above the amount in the budget request now before Congress. The current minimum cost estimate for this project is $7,682,000. The amount contained in the budget request was $6,100,000. On that basis, the project was selected for the offset list.

Senator HART. If there are no further questions then, both these committees thank all of your gentlemen for your cooperation today. We would appreciate any further information on some of the questions that we have asked.

The hearing is adjourned.

[Whereupon, at 3:30 p.m. the hearing was adjourned, subject to the call of the Chair.]

MILITARY CONSTRUCTION AUTHORIZATION, FISCAL YEAR 1981

WEDNESDAY, APRIL 30, 1980

U.S. Senate,
Subcommittee on Military Construction
and Stockpiles,
Committee on Armed Services;
Subcommittee on Military Construction,
Committee on Appropriations,
Washington, D.C.

MILITARY CONSTRUCTION REQUEST FOR CONSTRUCTION IN EUROPE

The subcommittee met jointly at 1:40 p.m., pursuant to notice in room 1223, Dirksen Senate Office Building, Gary Hart (chairman of the Subcommittee on Military Construction of the Committee on Armed Services), and Senator Walter D. Huddleston (chairman of the Subcommittee on Military Construction of the Committee on Appropriations) presiding.

Present: Senators Hart, Byrd, and Thurmond (Committee on Armed Services), Senator Huddleston (Committee on Appropriations).

Armed Services Committee staff: James C. Smith, professional staff member and Marie Fabrizio Dickinson, clerical assistant; Committee members assistant; Frank Krebs, assistant to Senator Cannon.

Senator **Huddleston** [presiding]. The subcommittee will come to order.

This is an executive session and care should be taken to see that those here have the necessary clearances.

Our hearing this afternoon is on the NATO infrastructure program and related construction in Europe.

The infrastructure request for fiscal year 1981 is $300 million, double the fiscal year 1980 request.

There are a number of areas that I would like to pursue this afternoon with the limited time we have available. I have to be at the White House in a few minutes. I am always reluctant to mention that, but it involves a meeting that is not totally unrelated to this subject and I will have to leave.

Senator Hart will shortly be here. He is chairman of the Armed Services Military Construction Subcommittee. He will arrive before it is time for me to leave, I am sure.

I would appreciate it if we could keep the statements as short as possible at this time so that we can ask a few questions. Senator Hart, of course, can allow for more elaboration later on.

We are pleased to have Senator Byrd with us today.

We have Ambassador Robert W. Komer, Under Secretary of Defense for Policy, with us today. We also have Mr. Perry Fliakas, Deputy Assistant Secretary of Defense for Installations and Housing.

Gentlemen, you may proceed.

STATEMENT OF HON. ROBERT W. KOMER, UNDER SECRETARY OF DEFENSE FOR POLICY, ACCOMPANIED BY PERRY J. FLIAKAS, DEPUTY ASSISTANT SECRETARY OF DEFENSE FOR INSTALLATIONS AND HOUSING

Ambassador **Komer**. Thank you, Mr. Chairman.

I volunteered to come over here today because, as the chief policy planner at the OSD level, I felt I might be in the best position to explain to you what we are trying to do in the Middle East and NATO and the relationship between the two. I must say I appreciate that this is an executive session so that I can be perfectly candid.

Senator **Huddleston**. Good.

Ambassador **Komer**. Our problem is that though military construction is a very small part of our total defense program, it plays an absolutely crucial role in the overall effort. We just cannot function operationally without adequate facilities.

From our point of view, there is no point in spending tens of billions of dollars on maintaining 2 million men in the Armed Forces and massive equipment modernization, airlift and sealift, if we don't provide the facilities.

A second overall point worth making is that we Americans pursue a force projection strategy. We deliberately try to defend U.S. interests far away from our home shores so that we can fight on somebody else's real estate. We did it in World Wars I and II and it was quite successful.

Indispensable to this strategy are adequate operational facilities, so I am here to plead for the 1981 request in full and to underline that if you cut us, it is going to hamstring far larger programs that are vital to our security interests.

Let me turn very briefly to our Persian Gulf-Indian Ocean needs, on which I have played a very substantial role.

I gather that this committee has supported our requirements and I would like simply to put them in perspective.

For many decades, as you know, we had no significant security presence in the Indian Ocean. We had a base at Dhahran and we gave it up in 1962 [deleted]. Instead, we relied on the British and on our CENTO allies in the so-called northern tier, the Turks, the Pakistanis, and the Iranians.

Then, in 1966, we got Diego Garcia. I think I am the "godfather" of Diego Garcia. I am the one who went to President Kennedy and said that we desperately needed some base in the Indian Ocean because the British were pulling out. What I suggested was that we do it cost effectively by getting the British to provide the real estate, some island, and we would help in the cost of building the base.

It is worth its weight in gold at the present time.

But now, with the chaos in Iran, with the dissolution of CENTO, with the Soviets invading Afghanistan, and with the long United Kingdom retreat from the area, we have to assume a major new responsibility to help defend Middle East oil on behalf of the entire Western World.

The point I would like to emphasize is that the cutoff of that oil would be a sheer political and economic catastrophe to the entire free world—not just to the Americans, but to the Japanese, South Koreans, Filipinos, Thais, Pakistanis, Turks, Egyptians, and, of course, the Western Europeans, even more than us.

If we lost access to that oil, it would unravel the whole free world security system and be an enormous boon to the Soviets.

So we have decided that we have to play a major role out there. We are trying to do it in a sensible way, by going for facilities rather than bases; that is, helping the locals to construct facilities into which we can surge, rather than putting large U.S. garrisons out there, which not only would be politically a problem [deleted] but would cost us a mint. It would be very expensive if we tried to put U.S. divisions into the Middle East and paid for all those overseas costs.

Even so, we have no intention of paying the whole bill for Persian Gulf deployments. We want the states in the area to provide the real estate free of cost and [deleted] the oil-rich ones to pay for facilities which we might use in their defense.

We intend to strengthen friendly local forces, [deleted] and mostly they will pay for it.

We intend to get the European allies to help with economic and military assistance to these threatened states and, where they can, to provide contingency forces. In practical terms, the only countries with any capability to provide forces to go alongside ours are the [deleted] and, even more so, the [deleted] and, coming in from the [deleted] the [deleted]. The [deleted] have been very forthcoming on this score.

But, it is just a fact of life that we are going to have to play the key role. We are the only ones who have the force projection capability. We are the only ones who can deploy force effectively in the Indian Ocean-Persian Gulf area, especially if the Soviets are involved and we have to deter or blank them out.

So what we are telling the allies, including the Japanese, is, you do as much as you can to help us in the Indian Ocean-Persian Gulf area, but to the extent that you can't, you do more in NATO and in Northeast Asia in order to offset the Americans having to spend a lot more money in the Indian Ocean.

We already have told them that we are going to have to shift substantial naval [deleted] in peacetime. [Deleted.] We are preparing in the event of a contingency in the Indian Ocean to shift a lot more, [deleted].

So, we have told them—I was just over there in the middle of April to do it myself—that we agree [deleted] that there should be a "division of labor" concept. We have asked them, in addition to whatever they can do in the Indian Ocean, to strengthen their own forces, to take more of the load in Europe and the Far East. Also, we have suggested to them quite explicitly how to do it, by accelerating already agreed programs, like the NATO long-term defense program and meeting various NATO force goals that already have been agreed.

We are going for a set of short-term quick fixes, and will ask each country to produce more war reserve ammunition, and acquire more electronic warfare and chemical warfare capability.

These are just things they can do over the next year to 18 months. On top of that, I said to them on behalf of the President and the Secretary that we want longer term measures, too. There are a number of things we would like them to accelerate as part of this scheme of joining us in strengthening ourselves worldwide because of the Soviet invasion of Afghanistan and the new Soviet aggressiveness.

Incidentally, one of the things we told them we were going to go for is more infrastructure funding because the present infrastructure fund is not large enough to do all the things that need to be done, even if we divert all these forces.

Now, as you know, this is on top of a lot of major NATO initiatives launched by this administration, which began back with the London Summit in 1977, to try to get the allies to spend more along with us. We had a couple of summits. One was here in Washington. They helped us get the 3 percent pledge, the long-term defense program, the AWACS program, the F-16 program, et cetera.

So we think we are doing pretty well on getting the allies to do more, although inflation and the energy crunch have undermined their efforts to a considerable extent, just as they have been undercutting ours.

We also are getting a lot of allied burden sharing. I guess I am the only senior U.S. Government official who ever comes up to testify on burden sharing. For 3 years I have been saying that the allies are doing more, were doing more when we were doing less from 1970 through 1975, and we are getting a lot of burden sharing from them. Just to mention the two big countries, we are probably getting well over 1.5 billion dollars' a year worth of support from the Germans. This is support for our forces. It is quantifiable and we can submit it for the record, if you would like.

Senator **Huddleston**. Yes, I would like.

Ambassador **Komer**. All right.

[The information follows:]

QUANTIFIABLE FEDERAL REPUBLIC OF GERMANY ECONOMIC SUPPORT

[Current exchange rates]

Category of support	Thousand U.S. dollars	
	Fiscal year 1978	Estimated fiscal year 1980
Construction/real estate:		
Yearly rental value foregone	$1,130,000	
Tax exempt construction of housing	435	
Other tax, custom, and fee exemptions	51,000	
Services:		
Airlift support missions for maneuvers	150	
Damage claims maintenance, and construction of joint use facilities such as ranges and roads, and security	51,000	
Berlin: Occupation costs for U.S. forces in Berlin (primarily Berlin Brigade: 82 percent and Templehof Airport: 14 percent)	159,000	
Total	1,391,585	$1,800,000

In addition, Federal Republic of Germany nonquantifiable economic support includes: (1) local labor, engineering, and transportation services provided by the German Civilian Support Agency at less cost than if provided by United States military or DOD civilian; and (2) customs fees and value added taxes not imposed on United States post/base exchanges, commissaries, and class VI stores.

EXPENDITURE IN RELATION TO THE UNITED STATES FORCES, JAPAN (INITIAL BUDGET)

[In million yen]

Item	JFY 1975	JFY 1976	JFY 1977	JFY 1978	JFY 1979	JFY 1980 (request)
1. Direct expenditure	72, 106	72, 106	65, 306	71, 185	97, 488	110, 722
Rental	32, 809	31, 615	32, 589	33, 653	35, 212	37, 599
Relocation	34, 300	36, 524	27, 816	26, 892	29, 556	27, 667
Facilities improvement project of the USFJ facilities and areas					14, 024	25, 408
Labor cost (welfare costs, USFJ differential and others)				5, 205	13, 001	13, 697
Others	4, 909	3, 967	4, 901	5, 435	5, 695	6, 351
2. Indirect expenditure	20, 012	23, 893	25, 411	31, 113	38, 124	49, 895
Measures to improve local situation adjacent to facilities and areas	15, 886	18, 998	21, 607	27, 480	34, 906	46, 399
Labor administration	4, 126	4, 895	3, 804	3, 633	3, 218	3, 496
3. General administration expenditure	8, 285	9, 343	3, 306	10, 134	10, 827	11, 129
Total (A)	(336) 100, 403	(360) 105, 342	(390) 100, 023	(558) 112, 432	(673) 146, 439	(790) 171, 746
Trial assessment of rent for general properties provided for use by the U.S. forces, Japan (B)	(125) 37, 502	(131) 38, 285	(1 ,3) 39, 329	(206) 41, 543	(104) 39, 985	(184) 39, 985
Total (A+B)	(461) 137, 905	(491) 143, 627	(543) 139, 352	(765) 153, 975	(857) 186, 424	(974) 211, 731

Notes: (1) The figures in parentheses are converted amounts of yen into million dollars. The conversion rate used are an yearly average of the corresponding year in 1975 through 1978; a monthly average for the period of April through August in 1979. (2) JFY 1980 request of trial assessment of rent for general properties provided for use by the United States Forces Japan estimated as the same amount of JFY 1979.

Ambassador **Komer.** We are getting over $1 billion from Japan, and we have been prodding the Japanese much harder to provide overseas support for our overseas forces in Okinawa and in Japan proper. Of course, as you know, they provide all the real estate costs free, and real estate is getting to be pretty expensive stuff these days, especially in highly populated countries like Germany and Japan.

If a NATO contingency arose, we would make massive deployments of our tac air, but 80 percent or 90 percent of them would go over and fly from allied bases. We are going to put them on allied bases. The allies build the great bulk of the bases. We just put a little WRSK kit on it and provide a little additional protection for it.

Let me turn to another form of burden sharing which I know is one this subcommittee is quite concerned about, and that is NATO infrastructure. This is one place where I think we have done exceptionally well. Frankly, since this is an executive session, I will tell you that it is one of the greatest little burden sharing devices we have.

We only account for about 50 percent of NATO's gross national product, or gross domestic product, leaving out the foreign transactions. We only account, in fact, for about half NATO's real defense effort, too, when you adjust it for their lower manpower costs. They have conscription and we don't, so they pay a lot less for manpower than we do.

When you make an adjustment for that and calculate pay for their forces at U.S. manpower rates, they are spending just as much as we are, or they are producing just as much online strength as we are.

So we are only half the alliance in terms of effort or gross national product, but, by golly, we only pay a 27-percent official infrastructure share. Even that is a misleading figure because, as this subcommittee well knows, we get back a lot more than we put in.

Our effective share of NATO infrastructure is only about 20 percent compared to our providing, say, about half NATO's real defense efforts.

Moreover, that 27 percent, or 20 percent, whichever figure you like, is exclusive of real estate and external facilities costs.

We never have been able to get a real handle on what that real estate is worth. We never have costed it. The best guess is on the order of 25 or 30 percent of the total costs, maybe 20 or 25 percent. At any rate, it is pretty big, and that we get free. That they toss in before we begin to divide up the infrastructure pot.

So, if we want the Europeans to do yet more than they are doing—and there has been no one more energetic about getting them to do more than I personally for 4 solid years—I'll tell you that increasing infrastructure is about the best way to do it that we can find.

We made a big thing of infrastructure in 1977 and 1978. The [deleted] only wanted to spend about $3 billion on the next 5-year slice of infrastructure, 1980–84; but we fought the great fight and we got it up to $4.7 billion. Now we are going back [deleted] to increase the current 5-year infrastructure program.

We had been doing this, we thought, with the full blessing of the U.S. Congress which, in times past, has been beating us over the head and saying, "Get out there and get more facilities funded under infrastructure."

Since Harold Brown and I completely agree with that, we have been going out and fighting as hard as we know how to get more.

There would be ways to reduce our burden: but let me tell you that there is absolutely no point in our professional judgment—and I don't think you will find a witness here today, including some of the experts who have been dealing with this day to day for 10 years—in trying to get the allies to change the percentage formula to lower our official share.

NATO is a 15-nation alliance. [Deleted] participate in some of the infrastructure programs, particularly those involving air defense. It takes a unanimous vote to get the formula changed. The [deleted] tried to change it 2 years ago, and it was the most god-awful mess you ever saw. Everybody else opposed the [deleted] partly because we thought they were trying to get something for nothing. If we try, it will just upset this very successful applecart of ours, whereby we really are getting the allies, in effect, to provide 80 percent of the operational facilities costs that are chargeable under infrastructure, while the Americans are currently getting about half of the projects that are allocated to countries. That is a very good deal.

As you know, last year we got this special reinforcement support category put in, [deleted] on the grounds that we are the only external reinforcer. We come from overseas. The allies acknowledged that and said they would have this special category of projects on which only we could draw.

Well, if the [deleted] they can draw on it, too, but they aren't going to.

So, what is going to happen?

If we cut fiscal 1981 infrastructure funding, it will just cut off the 80 percent of the funds we get from the allies in order to save our

20 percent. It is like shooting ourselves in the foot when we are the chief beneficiary.

We would also have a special problem. We had a big success last December with the allies on getting this NATO long-range theater nuclear force fielded. This is a force of GLCM's and Perishing II's. [Deleted.] We got it in there so that the facilities, the operational facilities for the long-range nuclear force in Europe can be paid for through infrastructure. This means, in effect, that they provide all the real estate and, also, they provide 73 percent of the construction funding. That is above the program ceiling that we had previously gotten the allies to support.

Senator HUDDLESTON. The real estate value has not been figured into their portion?

Ambassador KOMER. No, sir.

Mr. FLIAKAS. It is the host nation responsibility to provide the real estate.

Ambassador KOMER. Yes, and the external utilities. If you have to have sewerlines in, and phone lines in, that is theirs.

Mr. FLIAKAS. Access roads, too.

Ambassador KOMER. Yes, I guess access roads are the biggest thing of all.

Now, what I am further afraid of is not just that we will lose 80 percent in order to save 20 percent, but that we will torpedo our attempts to get more funding. It will lead a lot of other countries to ask for a lower share, too, and let me tell you, in my judgment, some of the other countries have a better case for asking for a lower share than [deleted]. The [deleted] to put in real estate and utilities. They are the chief target for all of the additional infrastructure spending [deleted]. I'll tell you that the [deleted] will come out and say they want a lower share, too. [Deleted.] I am worried about the [deleted].

Senator HUDDLESTON. They also happen to be one of the principal beneficiaries.

Ambassador KOMER. They are; there is no doubt about that.

Really, what we see is that all this only would lead to divisive debate in NATO. It would cast doubts on the U.S. commitment. It would not get us one more buck. It would really cost us bucks. Last though really not the most important, it would very seriously embarrass the U.S. Government and the Secretary of Defense personally because he, partly at my prodding, really has been busting a gut to get more infrastructure spending out of the allies and to get this broadening of categories [deleted].

So, if we get repudiated by the Congress when we have just gone in and said we ought to increase this program by another billion dollars or two, we are just going to have egg all over our faces and everybody is going to wonder what we are doing. They are wondering enough already.

Well, let me go on to a positive side and say that I have been at this NATO game longer, I think, and worked at it harder than almost anybody else in the Government, and I think there are much better ways to get more European support than a fruitless wrangle over infrastructure. We drove a hard bargain with the European allies in the long-term defense program. We said if you want us to provide rapid reinforcements so that we can get over there in time to stop a Russian blitzkrieg, then you Europeans in turn have to provide us with the prepositioning facilities, ammo storage, and other facilities through an infrastructure concept. Then we said if we are going to send combat forces over in a hell of a hurry, we cannot send the great, big, long support tail along with it. We can't send all the logistics troops. The ratio is almost one for one.

So, under a concept called "host nation support," we are negotiating with the Europeans right now to rely on their civilian assets and their reservists to provide us with all kinds of logistic support. It is going quite well.

The Army has estimated, if I recall the figure correctly, that we already are saving about [deleted] spaces in our force structure. In other words, this is [deleted] support spaces we otherwise would have to have in the force structure and send to Europe to provide line of communications support, et cetera.

We think that we can do a lot better and I am personally working [deleted]. We have a big exercise going on right now.

We have to rely on European host nation support. We just have to get over there fast, and if we do, why should we take 10,000 trucks with us when there are hundreds of thousands of trucks available in Europe for our use? Let's [deleted] have the Europeans do it for us.

At present, in our deployment schedules to Europe, our biggest single deficiency is [deleted]. Now how are we going to get [deleted] to Europe, as EUCOM wants, in the first 2 weeks if we also are going to send over all the air, all the ammo, and all the troops? We think we have an answer and we think this is a much better form of burden sharing even than infrastructure, where the Europeans already are very suspicious because we make out like bandits.

Another problem is that our manpower, volunteer manpower, is so much more expensive than theirs that it makes sense for us to focus on host nation support. What we are worried about is if we get the allies all uptight about infrastructure, this may complicate the negotiations on host nation support.

This does not exhaust the list of what the allies provide us. I went over and said to them, "We are programing airlift, we are asking the Congress to provide us more airlift, [deleted].

Senator Byrd. Is there any question about that?

Ambassador Komer. No, in principle they have accepted it. [Deleted.] That is what we are working on now.

Now, the big high-volume items, as Senator Thurmond knows, when you go to war are ammunition and POL. That is what takes up all the tonnage. Why should we ship POL to the Persian Gulf when we are going out there to defend their POL? Why should we ship POL to Europe instead of using European stocks?

We want to go to work on this one, and we think that is an effective form of burden sharing.

Well, I wrote this talk myself, I want you to know. I threw away the statement that was provided to me. [General laughter.]

My conclusion, sir, is, don't rob Peter to pay Paul. Our major new American needs for defense and deterrence in the Persian Gulf and Indian Ocean don't make the credible defense of NATO Europe any less important. If we lost Western Europe to hostile domination—and you know about whom I am talking—it would be as grievous a blow to our security as the loss of Middle East oil. It might be even more so.

Above all, the biggest problem we face in NATO is lack of operational facilities. I don't see why we ought to send $15 million planes like the F-15 to Europe when there are no shelters for them. I don't see why we should stockpile ammunition behind the Rhine when the battle, we hope, would be fought well in front of the Rhine. I don't see why we should leave prepositioned equipment that the American taxpayers bought and paid for outside when can get the allies to pay [deleted] percent of the costs of the controlled humidity warehouses to put them inside, which is much more efficient, and provide the real estate to put the warehouses on to boot.

So, gentlemen, I conclude that infrastructure is our greatest burden-sharing device ever. We love it. Congress loves it. You have told us for years to get more European infrastructure funding. Now, when we are doing very well at getting it and we are about to ask the allies for another billion-plus dollars, we hope you won't cut the ground out from under us and kill the goose that lays the golden eggs.

That is the sum and substance of my opening statement, Mr. Chairman. I am eager to answer any broad questions you may have. Then, if you will permit me, I would like to excuse myself and turn the hearing over to Mr. Fliakas and the guys who know about all the details.

Senator HUDDLESTON. Thank you. Let me ask a few questions during the limited time I have remaining.

Mr. Ambassador, we certainly appreciate your perspective on this. As you know, the situation is a developing or evolving one. There are actually two situations: the budget restraints that we are under and our need for a greater presence in the Persian Gulf area. The question is raised as to the extent and the amount of assistance we are receiving from NATO.

Has NATO, as an entity, contributed in any way to U.S. operations in the Persian Gulf region?

Ambassador KOMER. No. The NATO countries have, sir, and significantly, though we keep pressing them to do more; but as an entity, no, and for a very good reason. The NATO alliance has fixed geographic boundaries and the little countries, which have a vote just like the big ones, are adamantly opposed to extending the NATO area. [Deleted.]

Senator HUDDLESTON. Is there no thinking that protection of the U.S. intrests in other areas, in particular the Persian Gulf on which NATO countries rely more heavily than we do for their energy supply, would also be protecting NATO?

Ambassador KOMER. Yes, they understand that.

Senator HUDDLESTON. And they are perfectly willing for us to do it alone, then?

Ambassador KOMER. No. It is a little different.

They are very nervous about extending NATO's geographic area. Previous efforts were made to extend the geographic area into Africa. Every time we have looked at that, Mr. Chairman, we have concluded that it is absolutely not worth a candle. Here is why.

All of the little countries that object [deleted] could not help us a whit in the military defense of the Persian Gulf and Indian Ocean. Their forces are not even adequate to defend their own territories, which is why they are in NATO. There are only a few countries that could make a significant contribution. [Deleted.] Even the [deleted] who are in the area more or less, say to us, "Don't get us involved in the Persian Gulf [deleted]. Don't ask us to send [deleted] to the Middle East."

So, in effect, we can get a lot further dealing bilaterally with the countries involved than we can dealing through NATO.

There is no percentage for us. I had studies done on the subject in the past several months in DOD. We see absolutely no advantage to us in going through NATO as opposed to dealing directly and bilaterally with these countries.

Let me give you an additional point. The one country which won't do anything at all through NATO, which since 1965 has consistently said it won't operate through NATO militarily, is the one country that has the biggest capability besides ourselves in the Indian Ocean; to wit, France. [Deleted.]

Let me just add one other point. As I tried to point out in my opening remarks, we have gone to NATO and said, "Hey, fellows, the most practical thing that you can do, in addition to such support as you can give us in the Persian Gulf area, is for you to take a greater share of the burden right there in Europe." The [deleted] will contribute to the defense of Europe. So will the [deleted] the [deleted] and so on. So will the Japanese in northeast Asia. [Deleted.]

Now, constitutionally the Japanese cannot send forces to the Persian Gulf, but they can build forces for the defense of Japan, and this relieves us of a commitment and permits us to divert forces to the Persian Gulf, as they know we are going to have to, and they recognize this will defend their oil even more than now.

Senator **Huddleston**. That is the approach some of us have considered in Europe, if NATO nations could relieve some of our obligations then we could divert those to our needs in the Persian Gulf. They would be doing more for themselves in several ways.

Have we used any facilities, any NATO or any of our European facilities, in connection with the Persian Gulf?

Ambassador **Komer**. No, we have not. [Deleted.]

Senator **Huddleston**. Would we have any difficulty in doing that?

Ambassador **Komer**. In most cases we don't think so. [Deleted.]

Senator **Huddleston**. Do you anticipate any difficulty there?

Ambassador **Komer**. Not really. I think the Europeans all are sufficiently sensitive to the fact that it is the Americans who will be going out to protect their oil as well as our own. I think access to European facilities will not be a major problem.

Senator **Huddleston**. Has there been any drawdown of personnel, or is any anticipated, from NATO?

Ambassador **Komer**. Yes, sir, there has been in the case of the 6th Fleet, which also is assigned to NATO. The 6th Fleet Commander wears two hats: Strike Force Med and Com-6th Fleet.

We have moved a carrier, a carrier task force, out of the Med, one of the two committed to NATO for the Med. We already have moved it. It is right now in the Indian Ocean. [Deleted.]

Therefore, in peacetime we already are reducing some of our NATO strength. We increased the Mideast Force by two destroyers last fall, I believe. We took them right out of the Med. [Deleted.]

Senator **Huddleston.** Have any of the NATO governments expressed any concern about any of our operations in the gulf area?

Ambassador **Komer.** Do you mean the most recent operation?

Senator **Huddleston.** No, not the rescue attempt. I mean rather the presence of forces.

Ambassador **Komer.** I don't think so. I was just in Brussels 2 weeks ago presenting what are really our demands to them, though I did not call them that. I think by and large the NATO allies see very clearly that we are doing them a big service by doing what only we can do in the Indian Ocean-Persian Gulf.

Now they may not like some of the ways we go about it. For example, we are asking them to give more aid to [deleted.] We have been quite successful. The Japanese, in particular, have substantially jacked up their economic assistance to these countries. The more dollars they have to build up their economies, the more they can divert their own resources to purchasing defense equipment, which they generally buy from us.

Senator **Huddleston.** On these Persian Gulf facilities for which funds have been requested, are you confident that the arrangements with the host countries can be flexible enough to accommodate any kind of situation that might develop, that we won't wake up some day and find that we can't use them for this purpose or that purpose or some specific purpose that has arisen?

Ambassador **Komer.** [Deleted], but basically, we think we will get access to the facilities that we will have helped develop [deleted].

So, naked self-interest is what we are counting on in the last analysis to lead these countries to let us use the facilities because without them we cannot come effectively to their own defense.

Senator **Huddleston.** Well, would they let you come in to help defend [deleted] for instance, and vice versa?

Ambassador **Komer.** That might be harder. [Deleted.]

There would be possibilities, you know. I could construct some plausible scenarios where we might have difficulty getting into some of those facilities if the threat were rather remote from their own borders and so on. We are trying very carefully only to go for facilities in countries with which we have an understanding.

Senator **Huddleston.** Do you think you will be able to get this tied down sufficiently before we make the investment?

Ambassador **Komer.** Yes, because the investment will take 3, 4, 5, or 6 years.

Senator **Huddleston.** Some of them can be done much sooner, I understand. There are some rather small projects that could be started almost immediately.

Ambassador **Komer.** Yes. We would improve the runway lights and the navigational facilities at an airfield in Kenya, for example.

Senator **Huddleston.** If I am not mistaken, the services are expecting about a 3-year period.

Mr. **Fliakas.** We are seeking, in the supplemental request, planning and design money. These funds would permit us to proceed with the bulk of the construction in the 1981–82 programing timeframe.

Senator **Huddleston**. That was my understanding.

Ambassador **Komer**. I am thinking bigger than the program because I am supposed to look farther ahead.

Senator **Huddleston**. Does that mean we have more coming down the road that we don't know about yet?

Ambassador **Komer**. It could be. It will be a good investment.

Senator **Huddleston**. I note that Senator Hart is now here and Senator Byrd has not yet had a chance to ask his questions.

Senator **Hart** [presiding]. Has Mr. Fliakas had a chance yet to make his statement?

Senator **Huddleston**. No, not yet.

Senator **Hart**. Well, I think it would be appropriate at this point to hear from Mr. Fliakas and then we can go back to the questioning.

Ambassador **Komer**. Well, in that case, Senator, could you excuse me.

Senator **Hart**. Mr. Komer, we are not yet finished with you. In that case let's hear from Mr. Fliakas later.

Senator Byrd, did you have any questions?

Senator **Byrd**. Yes, thank you.

Before the Ambassador leaves, I would like to follow up on Senator Huddleston's question in regard to whether these bases would be available or whether these facilities would be available to the United States. In your reply, aren't you overlooking one possibility and that is whether these countries may accommodate themselves to the Soviet Union in the event that Russia should directly or indirectly take over Iran?

Ambassador **Komer**. Yes, sir, there is that risk, of course. The whole purpose of our developing the capability to surge forces into the Indian Ocean and use these facilities is deterrence of the Russians. [Deleted.]

I have dealt with the area over a number of years and my own judgment would be that [deleted]. You can say that more vigorously about some than about others, of course. [Deleted.]

So yes, sir, there is a risk of accommodation; but the more capability we have in the area, the more we deter the Russians, the more we reassure the allies that joining up de facto with the Americans is a good bet.

Senator **Byrd**. Well, I think that is exactly right. I just have the feeling, though, that, of course, none of us knows what Russia will do and if she should take over, indirectly, even, Iran, is not that going to frighten all of those countries [deleted].

Ambassador **Komer**. Yes, sir. [Deleted.]

Senator **Byrd**. They also may take the view that we are many thousands of miles away and Russia is right there at the Persian Gulf.

Ambassador **Komer**. But you will remember, Senator Byrd, that the Turks faced exactly the same problem way back in the days of Ataturk. Ataturk said, "I would rather be alined with the Americans precisely because they are 7,000 miles away because I know they are not going to try to take over Turkey, whereas the Bear is right to the north of me and he is going to."

Of course, it was the same logic that led the Turks to join NATO. So the enemy who is closest, or the superpower which is closest, is generally the main reason why weak countries will seek external allies. So it is possible.

My own sense would be that the [deleted] would not cave in to Russian pressure and I really doubt that the [deleted] would, and they are the key countries about which we are talking.

Senator **Byrd**. Let me ask you about Spain and NATO. What progress has been made in that regard?

Ambassador **Komer**. There has been some significant progress, just recently. [Deleted.]

Senator **Byrd**. You mentioned only [deleted]. Other countries have objected to Spain's coming into NATO.

Ambassador **Komer**. I think that is no longer so. I think now that there is a democratic government in Spain, that has changed.

Senator **Byrd**. That's good.

Ambassador **Komer**. You are absolutely right, Senator. [Deleted.]

Senator **Byrd**. That's good news. I was not aware that other countries had changed their views on this.

Ambassador **Komer**. Well, it is comparatively recent.

Senator **Byrd**. On the question of [deleted] you say to me that the possibility for compromise exists, but I should think that compromise would be a very difficult thing to work out. [Deleted.] Do you think that is really what is holding things up now?

Ambassador **Komer**. Well, it may not be what is holding things up now, but before Spain comes into NATO actually, that issue will have to be worked out. I think it is the most difficult issue.

Senator **Byrd**. Why does that issue have to get involved?

Ambassador **Komer**. [Deleted.] Without going into details, however, I do think there are possibilities for constructive compromise.

Senator **Byrd**. Thank you.

I just want to say in conclusion that I like your enthusiasm.

Ambassador **Komer**. Thank you. I try hard.

Senator **Byrd**. Thank you, Mr. Chairman.

Senator **Hart**. Senator Thurmond, do you have questions for Ambassador Komer?

Senator **Thurmond**. Yes, Mr. Chairman, thank you.

Ambassador Komer, if your achievements equal your salesmanship, we are on safe grounds. [General laughter.]

Ambassador **Komer**. I wish they did. [General laughter.]

The chief target of my sales pitch was not here, though, and that was a matter of considerable regret to me. [General laughter.]

Senator **Thurmond**. I would like to ask you this.

You spoke about the people in Europe being willing to cooperate around NATO and it would have to be with Japan and other countries in other parts of the world. I am just wondering, for instance, if what happens between the Soviets in Iran and the Soviets in other countries in the Persian Gulf is not of great interest to the people of, say, France. Shouldn't they be just as interested in maintaining the freedom of Iran as we are?

If that is the case, what would it do, for instance, if it could not get oil? What would Germany do if it could not get oil?

Has there been any endeavor to get the free countries of the world to realize that here is a common enemy, the Soviet Union, which has as its goal to take the world? It has been hard to convince a lot of people in this country that that is its goal. I have been taking that position ever since I have been in the Senate for 26 years, and even before that. From my study of communism and the way it operates, I am convinced that they really do want peace, but peace to them means after they have conquered the world and there is no longer any opposing force. That is what peace means to them.

I wonder if the other countries understand the true objectives of the Soviets and if they could be convinced to work with us to a greater extent in order to oppose the goals of the Soviet Union and oppose its advance and oppose Soviet aggression. Has there been any thought along that line? Or are we just trying to deal with NATO, Japan, and other countries in other parts of the world? In other words, I don't mean putting us in everywhere, but putting in certain nations in certain places.

Ambassador Komer. No, sir.

I think it is fair to say we have been trying to develop a perception of a common threat as long as you have been in the Senate. That was the genesis of NATO. That was the genesis of SEATO and CENTO, [deleted].

We have been after the allies. We are the leaders of the alliance, in fact as well as in theory, because we are the greatest single power in it and it is our responsibility to provide a strong lead if we see problems. There have been times when we have not given a very strong lead. As I pointed out earlier, European defense spending went up in real terms, from 1970 through 1975, when ours was going down. Of course, that was in the aftermath of Vietnam. But we don't do this separately through NATO.

Senator Thurmond. Excuse me, but I have an emergency to attend to. Please continue your answer to my question and I will read the record in case I don't get back.

Thank you, Mr. Chairman.

Senator Hart. Please finish on that point, Mr. Ambassador.

Ambassador Komer. We try, through various ways, to create a common global perception of a threat. That will be discussed at the Venice Summit and the Japanese will be there. It is discussed in a variety of fora.

The other countries inevitably do not take the same global view that we do. We are a global power, for better or for worse. We have interests on all the seas and in many parts of the world. [Deleted.] The only other country I have found that seems to have a thoroughly global outlook, which currently is on a parallel course with us, [deleted].

Basically, we have to face the fact, in response to Senator Thurmond's question, that the other countries, the smaller countries in particular, simply are not going to take the same global view that the great powers do.

Senator Hart. I don't want to ask the Senator's question for him, but I don't think that was his question. I thought his question concerned it being obvious that neither the Japanese nor most Europeans are naive and since their oil comes from a specific part of the world, why aren't they more interested militarily in protecting that source? He was not asking whether they were going to be world powers or not.

Ambassador Komer. I don't think that was my answer, Senator Hart. I wanted to point out that their outlook is more regional. They tend to leave to other powers, especially the superpowers, the main responsibility for defending oil, even though they are more dependent upon Middle East oil than we are. They just don't have the capability.

Senator HART. Would you expect that this would continue?

Ambassador KOMER. Yes. Let's say, for instance, that the [deleted]. What can [deleted] do in the Middle East?

Senator HART. I don't think the question has to do so much with [deleted] as with West Germany, Japan, and Great Britain.

Ambassador KOMER. All right. [Deleted.] None of these other countries have a force projection capability as we do. They have never programed it.

As I was explaining earlier, we think that, by far, the most useful division of labor is to get them to do more in Europe while we do more in the Middle East. Let's get the Japanese to do more about defense of Japan and we will do more in the Middle East. That would permit us to divert more assets there, which we are going to do anyway.

Senator HART. Precisely, and I think that is the thinking in Congress, too. The issue is not whether that is the best way to approach the problem. The issue is, how well are we doing.

Ambassador KOMER. Well, not bad.

Do you want me to repeat at some length all the things I said about how well we are doing or not doing?

Senator HART. No, not if it already is on the record.

Ambassador KOMER. I spoke mostly about how hard we are trying rather than about how well we are doing, but we are not doing all that badly, either. The trouble is that inflation and the energy crunch keep getting ahead of us, as you in the Congress have seen as readily as we.

Senator HART. That represents the reluctance then, on the part of the Europeans, particularly for not being more vigorous in their willingness to plug up some of the gaps?

Ambassador KOMER. Well, there are differences of view on policy. [Deleted.]

Senator HART. [Deleted.]

Ambassador KOMER. [Deleted.] Our problem, the problem with a skillful foreign policy is to try to work our way around these obstacles and to reach a consensus and also to achieve our strategic aim.

Senator HART. So the short answer is, they do not see the threat the same way that we do.

Ambassador KOMER. They are as worried about access to Middle East oil, which is what it is all about, as we are. I wouldn't say that they don't see the threat the same way we do. That is true to a considerable extent. They have different perceptions as to how we ought to meet the threat, particularly until we are stronger.

Senator HART. Mr. Komer, within the past week there was a published story that there existed a report prepared, as I understand it, jointly by former Ambassador Ellsworth and Admiral Train recommending troop withdrawals from Europe. One, does such a report exist? Two, what can you tell us about it?

Ambassador KOMER. We were unable to find any such report, so Bob Ellsworth was called and the conversation as related to me went something like this: "What are you doing, Bob? You were Ambassador to NATO. How could you possibly have written a report like this?"

He denied it flatly and said, "I have never written it. It is exactly the opposite from what I believe—it's zany!"

He said, "I'll tell you what I am going to do. I am going to call Jack Anderson and tell him that."

He called Jack Anderson and said, "What are you doing?"

Well, Jack Anderson said that he had a report in front of him, apparently dated sometime in 1975, and it was not clear who signed the report. There is some kind of staff study; we don't know under what auspices. I guess Bob was in the Defense Department then. We don't know at what level it was prepared. We never have seen the thing. We haven't yet found it.

Mr. Ellsworth still cannot recollect that he had anything to do with such a thing, and it does not sound right that Bob Ellsworth would do that. It sounds much more reasonable that the admiral would feel that we ought to have a maritime strategy instead of a continental strategy. I mean, one runs into that kind of stuff in the Pentagon today. After all, admirals worry about the sea and not the land.

Senator HART. You run into it in Congress somewhat, too. [General laughter.]

Ambassador KOMER. Yes, though I was not going to say that. [General laughter.]

I would like to know, however, how we are going to defend Persian Gulf oil wells and pipelines on land from the sea. It is a little difficult for me to see that.

You have to have the sea to get there, but the other part I have not figured out yet.

Perhaps you would enlighten me at some point.

Senator HART. I would be more than happy to. [General laughter.] I guess the short answer to that question is——

Ambassador KOMER. That we haven't got a clue.

Senator HART. All right; thank you.

Ambassador KOMER. But we are trying to find out. We will submit for the record, if we find it, what the facts are about the study. We would like to know ourselves.

[The information follows:]

The report referred to was one of several Joint Staff studies examining U.S. force deployments. After reviewing the report itself as well as the history of the case we conclude that the broad study initially contemplated was never carried out. Thus, the factors initially considered never got beyond the theoretical stage.

Senator HART. Finally, Mr. Komer, on the issue of the infrastructure and American resources in construction in Europe, the Department has done much better in the past couple of years, I have to believe partly because of our respective committees' efforts to move in this direction. The infrastructure situation looks a lot better today and for the early 1980's than it did 3 years ago.

At the same time, however, unilateral American investment in construction is going up at a fairly substantial degree. The figures I have are that in 1974, it was $132 million—I'm sorry, this is for total construction. But the trend is interesting.

For total construction in 1974 it was $132 million; in 1975, $205 million; in 1976, $219 million; in 1977, $154 million; in 1978, $408 million; in 1979, $473 million; in 1980, $389 million; in 1981, $737 million.

Apparently what is happening is, we are getting better results with the allies in terms of infrastructure participation, but our own unilateral program is escalating quite sharply.

Do you have any comments or thoughts on that?

Ambassador **Komer**. Yes, sir, I do.

Of course, a big chunk of that increase, which is in then-year dollars, is straight inflation. One would want to look at the real increase between 1974 and 1981, and I think you would find that the curve is a great deal flatter.

Second, the huge increase in 1981 is directed toward two things. One is a lot of requirements that we never had before in history and a totally new responsibility in the Indian Ocean-Persian Gulf.

Second is because we have, as you pointed out to our appreciation, been pushing much harder to get a much bigger infrastructure pot from the allies, where they pay effectively 80 percent of the costs, plus real estate. We have been out there trying hard to get more infrastructure money. In that 1981 budget is $300 million.

Mr. **Fliakas**. $300 million of the $737 million.

Ambassador **Komer**. Yes. We look upon that as a measure of success because we cannot execute the rapid reinforcement program, we cannot execute the war plans unless the Europeans, unless NATO will build the facilities, and build them, effectively, with 80 percent European money rather than ours.

Perry, aren't those the two key answers as to why the figures for 1981 go up so much?

Mr. **Fliakas**. Well, let me make a slight correction.

The $737 million that Senator Hart read is confined to the NATO area. [Deleted.]

Senator **Byrd**. That is what I was getting at.

Mr. **Fliakas**. It does not include that.

There is one part, however, that may be construed as being supportive of both areas, and that is at [deleted] in the [deleted] where we do have *about $28 million* reflected in these amounts in support of our ability to provide [deleted].

Senator **Byrd**. Would you please yield a moment for clarification. Am I correct in assuming that the $737 million, except for the [deleted] is exclusive of any [deleted] money?

Mr. **Fliakas**. That is correct.

Ambassador **Komer**. Yes, sir. That was a mistake on my part.

Mr. **Fliakas**. Now it does include, as Ambassador Komer mentioned, a sizable increase of some $300 million this year for the infrastructure program.

Ambassador **Komer**. Increase or total, Perry?

Mr. **Fliakas**. I'm sorry—the total, $300 million. It is a sizable increase, a $150 million increase over the appropriation last year and $115 million over the authorization in 1980 for infrastructure.

The balance is, as the chairman mentioned, a unilateral responsibility that we have undertaken to support our forces in Europe. It also includes dependents' schools and static war headquarters, which is a unique and a one-time separate requirement. So I would like to discount those because in future years we are going to transfer the dependents' schools to the Department of Education and the static war headquarters, which is $64 million, is a one-time requirement.

I would like to mention that the logistical support and the housekeeping support of our forces—and by housekeeping I mean the barracks, the working spaces, the maintenance shops—are considered by the NATO alliance to be a unilateral responsibility. This means a national funding responsibility.

I am sure that many of you, if not all of you, have seen both reports and pictures and many of you have visited, as I have, the installations in Europe, which are in a very sad state of disrepair. We have occupied them for over 35 years. Many of them date back even to Bismark's days. They are just not adequate to support the modern weaponry that we are introducing into the theater.

I saw tanks that could not be put inside maintenance shops that used to be stables. I saw washracks, where a garden hose is the only method of washing down a vehicle after it comes in out of the mud.

It is an effort on our part to upgrade the very, very sad state of our facilities in Europe. We are consciously making an effort to do that. It is not only the living accommodations, but it is also the work areas. This is where the Army, primarily, for example, is putting a tremendous effort.

Senator Hart. Mr. Fliakas, I would like to go to a summary of your statement now, but first I want to thank Mr. Komer for being here today.

Ambassador Komer. Mr. Chairman, may I suggest that we submit for the record the trend in real dollars as opposed to current dollars, to illustrate the point we were making.

Senator Hart. Please do.

[The information follows:]

AS AUTHORIZED

[In millions of dollars]

	Authorization					Requested 1981
	1976	1977	1978	1979	1980	
Army	45.0	15.9	179.1	260.8	131.6	231.4
Navy	0	7.8	8.9	46.8	35.4	53.1
Air Force	99.1	51.0	135.1	45.4	36.9	82.6
NATO infrastructure	75.0	80.0	85.0	120.0	185.0	300.0
Total	219.1	154.7	408.1	473.0	328.9	667.1
In fiscal year 1981 dollars:						
Army	67.1	22.9	239.3	317.9	145.5	231.4
Navy	0	11.3	11.9	57.0	39.2	53.1
Air Force	147.7	73.6	180.5	55.3	40.8	82.6
NATO infrastructure	111.8	115.4	113.6	146.3	204.6	300.0
Total	326.6	223.2	545.3	576.5	430.1	667.1

Ambassador Komer. Thank you very much, Mr. Chairman. I appreciate your time.

Senator Hart. Thank you.

Let me just say, without engaging in a prolonged discussion, that, as I think you are well aware, those who advocate a so-called maritime strategy obviously do not believe that we should not have conventional land forces. We just don't think we should totally fixate those forces in one spot in the world. You free them up and make them more mobile to take them to other parts of the world.

Ambassador Komer. Interestingly, as you know, we are moving in that direction because of the Middle East.

Senator HART. Yes. What if we had done that 2 or 3 years ago though?

Ambassador KOMER. We wouldn't have had the money.

Senator HART. We might have.

Ambassador KOMER. It wouldn't have been enough.

Senator HART. We couldn't have done everything.

Ambassador KOMER. But we could have started.

This is an interesting and intellectually very respectable debate. It has been going on for 150 years in United Kingdom defense circles and there ought to be more of it here instead of the admirals muttering in their beer and the generals growling in the corners. You and I are among the few who are willing to talk about it. [General laughter.]

Senator HART. I'm not sure the admirals would agree with you. [General laughter.]

Ambassador KOMER. I have been fighting for 4 years now for fast sealift, precisely because it gave us a great deal more flexibility. [Deleted.] I have been a big advocate of fast sealift as increasing flexibility. One of the big problems has been vulnerability. What happens if those ships, those high-value convoys, get caught in the middle of the ocean because a war starts?

On that score, since this is a closed hearing, I will say that we have not been able to get much in the way of guarantees from the fleet commanders that they could get all the tanks, artillery, and such stuff to Europe if we were interdicted. It is a problem, but I am all for greater flexibility. I didn't just start when we suddenly discovered the Middle East.

Thank you, sir.

Senator HART. Thank you.

Mr. Fliakas, do you have a summary statement?

STATEMENT OF PERRY J. FLIAKAS, DEPUTY ASSISTANT SECRETARY OF DEFENSE FOR INSTALLATIONS AND HOUSING, ACCOMPANIED BY ROBERT J. LANOUE, OFFICE OF THE DIRECTOR, FACILITIES PROGRAMING, OFFICE OF THE DEPUTY ASSISTANT SECRETARY OF DEFENSE FOR INSTALLATIONS AND HOUSING; T. J. LOVELAND, DIRECTOR, INFRASTRUCTURE AND LOGISTICS DIVISION, U.S. MISSION TO NATO; MAJ. GEN. WILLIAM E. READ, USA, ASSISTANT CHIEF OF ENGINEERS, OFFICE OF THE CHIEF OF ENGINEERS; BRIG. GEN. GEORGE CRIST, USMC, DEPUTY DIRECTOR OF OPERATIONS, U.S. EUROPEAN COMMAND HEADQUARTERS; AND JOHN MORGENSTERN, DIRECTOR, STRATEGIC AND THEATER COMMAND AND CONTROL SYSTEMS, OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE FOR COMMUNICATIONS, COMMAND, CONTROL AND INTELLIGENCE

Mr. FLIAKAS. I am joined by Mr. Lanoue of my staff and Mr. Joe Loveland of the U.S. Mission, NATO, who are available to answer your questions, as well as by representatives of the military departments who are also available.

If you would like, sir, I will forego my statement.

Senator **Hart**. Just summarize it, if you would.

Mr. **Fliakas**. Thank you.

You already have pointed out that we are requesting some $737 million, which includes $300 million for the infrastructure program. As also has been pointed out, and we thank you for your statement, that we have made significant progress in the European construction program in the last 2 years, and yes, it definitely has been partly as a result of the prodding of this committee. We follow your guidance and take it very seriously. We think that we are moving very definitely in the direction you have outlined.

As a matter of fact, last fall, the Secretary of Defense approved a very comprehensive program which had as its purpose the integration of the NATO infrastructure program and the military construction program. We look at these programs in tandem. We join with the CINC's and SACEUR as the commanders in Europe in developing the priorities that we believe must be followed in order to provide the facility needs of the major NATO commanders.

Several years ago, at your request, we provided the committee with a projection of our long-range requirements in Europe. I think that led to consternation because it did include some [deleted] of requirements. I believe it was [deleted] then and it is now [deleted].

As a consequence, we developed a plan, knowing full well that you can't put 10 pounds in a 5-pound bag; this is a very comprehensive plan for meeting the priority requirements that were specified in that projection.

We have allotted those projects that are eligible for NATO infrastructure to that program and, on a basis of priorities, have developed a 5-year program for MilCon. Rather than [deleted] in our 5-year approved program it now comes to something on the order of [deleted] is considered to be eligible for NATO infrastructure.

We have been very thorough in the development of a very comprehensive and prioritized projection of requirements.

We indicate that our requirement this year for $300 million for NATO infrastructure really is based on the backlog of already approved NATO slices plus slice 31. It is on the basis of the U.S. Mission to NATO estimate that we have developed this requirement which really represents obligation for the projects that will be coming forward to the P. & P. Committee of NATO for obligation of funds for projects that have been included in approved slices in the NATO infrastructure program.

As Ambassador Komer mentioned, part of our success in pushing the NATO program and in seeking more eligibility results in that increase.

One area to which I know you are sensitive and in which I believe we have had good success in addressing is recoupments. There is currently a little over $400 million of outstanding, potentially recoupable projects. Against that, we have now programed some $200 million through slice 31 for actual repayment of prior U.S. prefinancing, so we believe that we are making headway in that regard.

Finally, again, taking into consideration the views of the Congress and as well as Harold Brown, Secretary of Defense, we are being very selective in those projects that we are presenting for prefinancing.

Two years ago, I think over 70 percent of the program was for prefinanced projects. Last year, about 20 percent was. This year only 5 percent is. The entire amount is some $19.9 million for the introduction of the GLCM into the Europe theater.

As a recap, sir, I once again address my concern of the really deplorable condition of many of our facilities in Europe and urge that the Congress not overlook or neglect the need to upgrade and to provide modern facilities for our forces in Europe. I also request your support of the NATO infrastructure program.

Thank you.

Senator HART. Thank you, Mr. Fliakas.

I think Members of Congress, particularly those who have witnessed personally the condition of the facilities or had some exposure to those who have, share your concern and feeling of obligation to the people we send over there, to provide a better situation for them in terms of their living and working conditions. It is a national obligation, no question about it.

You mention somewhere in your prepared statement a [deleted]. What is that plan and what prompted it?

Mr. FLIAKAS. U.S. forces, as they are now constituted and placed in Europe, are actually [deleted] in relation to their [deleted]. Some of the divisions and brigades have to travel [deleted].

At one time, as you know, Mr. Chairman, the strategy was to [deleted]. That no longer is the primary NATO objective. The NATO objective now [deleted]. As a consequence, the Army in Europe has developed what is called a [deleted]. It is very ambitious. Some of it can be accomplished at no cost or very little cost [deleted].

We hope to meet this in a number of ways. One, which has been presented to the [deleted] is what we call an alternative funding plan, which would have the [deleted] provide us new facilities [deleted]. While I do not necessarily like to make an analogy with the [deleted] it is similar. [Deleted.] It is a somewhat parallel situation in that we would hope that with the [deleted]. That is a long-range part [deleted].

More immediately, we would expect, through MilCon, to provide the initial facilities for the [deleted]. That is very ambitious. The Army has both an [deleted], if you can project that far.

There are no funds in this year's program for [deleted]. We would expect, depending on the priorities and our ability to fund it, that the initial year would be 1982, but we wanted to alert the Congress to the plan and we did present the staff and some of the committees, at their request, a briefing by the U.S. Army Europe.

Senator HART. How much will this whole plan cost over and above what we would spend anyway?

Mr. FLIAKAS. I would like to ask General Read if he has an estimate.

General READ. Sir, we would like to verify this, but the delta is about [deleted]. That takes into consideration the fact that we have an awful lot of expenses to incur as we introduce new weapon systems into Europe. As we introduce the XM-1 and the other weapon systems there will be costs associated with them.

We would like to put these things in the right locations. I believe the cost difference is about [deleted] but I would like to check that one for the record.

Senator **Hart**. If you would.

[The information follows:]

[Deleted.]

Senator **Hart**. Who will pay that $150 million?

General **Read**. Less than one-half will be funded with MCA, the balance being spread over several other appropriations, both Army and DOD.

Mr. **Fliakas**. The military construction, Army, sir, will fund some. The first year, as I say, will probably be [deleted]. They have noted it and we will apprise the committee as we go along with this.

We believe that the [deleted] is central to our planning and, therefore, any construction that is requested now should be in consonance with that overall plan so that, as General Read indicated, we are not [deleted].

Senator **Hart**. As a matter of fact, won't the [deleted] and other allies valuable property?

Mr. **Fliakas**. Not immediately.

Senator **Hart**. But over a period of time?

Mr. **Fliakas**. Over a period of time, it could, sir, yes.

General **Read**. That would be the long-range part of which Mr. Fliakas spoke.

Senator **Hart**. But the point is obvious: This being of some economic reward to them, shouldn't there be some participation financially on their side?

Mr. **Fliakas**. We would hope so, Mr. Chairman, but, as I indicated, not immediately. With the introduction of additional weapons as well as additional force, while I am not sure of the figure, it is estimated that anywhere from [deleted] Army soldiers will be introduced into the theater. [Deleted.]

Senator **Hart**. Are these net new troops?

Mr. **Fliakas**. Yes, sir.

Senator **Hart**. So, then, force levels in Europe are going up?

Mr. **Fliakas**. Yes, sir.

Senator **Hart**. What about the net new troops, the net add-on for the Army; has that not been announced?

General **Read**. It has not been announced as such. Each year we have to make the decision as we go through our budget process. What we would see, as we look at our long-range planning, is some increases in force structure over there.

Mr. **Fliakas**. I gave a figure of some [deleted]. Is that correct?

General **Read**. Yes, sir. That is the figure that was briefed as the total plan we would like to see accomplished.

Of course, as Mr. Fliakas pointed out, that would be contingent upon the priorities and the levels within which we have to work.

Senator **Hart**. I would strongly urge you to call to the attention of your uniformed and civilian colleagues over there that this represents a fairly major policy and political issue, there having been over the years a continuing discussion and debate about force levels in Europe, with most of the argument going the other way. I understand that circumstances have changed, but I would think that rather than have this occur by somewhat gradual increases, you might want to put the committees on notice of what the Department contemplates.

Mr. Fliakas. This should be gradual. I think this would be gradual in the sense that as changes are approved, such as the [deleted].

Senator Hart. So it is equipment related, in other words?

Mr. Fliakas. Oh, yes.

General Read. A large part of it is, a major part.

Senator Hart. What you are saying is there has not been a policy decision to increase combat forces in Europe per se.

Mr. Fliakas. Oh, no.

General Read. I wouldn't say it was a policy decision.

Senator Hart. Or whatever kind of decision.

Mr. Fliakas. I see what you are getting at, sir.

Senator Hart. I think the American people would be interested to know that a decision has been made to put [deleted] in Europe.

Mr. Fliakas. I was remiss for not pointing out that it is really related to the introduction of new systems and new weapons that require more manning. [Deleted.] It is that kind of thing. So I believe it will be gradual.

We are not sending a [deleted] over, for example.

Senator Hart. That is precisely what I was driving at.

General Read. Sir if I may, I think a lot of it is related to the organization that we have within the Army. For example, as our units change, they change throughout the Army. There will be organizational changes throughout the Army and some will occur in Europe.

Senator Hart. I think we have that straightened out.

Let me get back to the principal question I asked. If, over the long term, there is economic return to the allies as a result [deleted] shouldn't the allies kick in a little bit on the cost of this [deleted] program?

Mr. Fliakas. That is part of the plan and is what we would hope.

Senator Hart. It is the word "hope" that bothers me.

Is it the Department's intent to try to get that?

Mr. Fliakas. Yes, indeed, sir. That is part of the plan, but I don't want to promise something I have not delivered yet.

Senator Hart. There is a long process between hope and promise.

Mr. Fliakas. Yes.

General Read. Sir, if I may, I would like to refer back to some of the earlier testimony by Ambassador Komer, when he related the fact that there were a number of issues in the host nation support area that they are moving on. It is hard to pull out any one segment without looking at the total picture. This would be one part of a large scheme of things that constituted a dialog between our Defense Department and the people over there.

Mr. Fliakas. There are many initiatives that are being discussed, [deleted]. Very frankly, it has been said from time to time that the plate is full, so let's wait for a better moment. [Deleted.] So, the timing has to be right.

Senator Hart. I understand. I just wanted to try to put some backbone into your hope.

I think there will be a lot of people who will be asking many questions about this. There is a concern about dependents and that is one issue that keeps popping up again.

I am trying to send you a signal that I think 5 or 10 years from now, when some congressional committee is talking about dependents in Europe, it is going to find out, if no one talks about it now, that over that 5- or 10-year period the number of dependents went up. Someone will ask how that happened and why they didn't know. The answer that you or your successors will be giving is that it just sort of happened over 5 or 10 years, as we added those people to those weapon systems.

Mr. **Fliakas**. Of course, we are mindful of the ceiling that has been placed on dependents overseas. That allocation, by the way, has not yet been formalized, but our personnel people are working on it. They will provide allocations to each of the departments.

I am told that in Europe they are fairly close to the ceiling so there should not be an enormous impact by having to live within the allocation. I believe that is being worked on now.

I think you are referring to the problem we have had in the past where some dependents were not command-sponsored, and we didn't have housing or the facilities for them. We didn't pay their transportation or for the movement of their household goods, but they were getting there anyway. The soldiers were bringing their dependents over at their expense.

With the very high cost of living in foreign areas now, these occurrences have slackened. The attraction is no longer there because it is very expensive for people to live on the economy in Germany and elsewhere in Europe.

I know there are plans being developed in the Department. I am not an integral part of them, but I am very interested in them, of course, because they do impact on facilities. I am aware that manpower personnel are working on this and they will comply with the ceiling.

Senator **Hart**. I have one final question.

You have requested almost $65 million to build a headquarters for the European Command. Why don't we have some NATO participation in that?

Mr. **Fliakas**. Sir, we do have a representative of CINCEUR here and I would like to introduce General Crist to you.

General, would you please come forward to respond.

I would also introduce Mr. Morgenstern, from the Office of the Assistant Secretary for Communications.

Very briefly, the request is for the [deleted].

Senator **Hart**. So the NATO commanders [deleted].

Mr. **Fliakas**. [Deleted.] General Crist, can you add to that?

General **Crist**. Yes, sir.

Senator, there are essentially three ways one can do it. There are U.S. special program funds, NATO wartime headquarters category, and the NATO reinforcement category. Those are the categories.

Each of those talks to a NATO entity, something being done by NATO. In this case, we are building a headquarters [deleted]. In each case, the nation itself has paid for that portion that is for its national interest. That is what we have here.

It has been looked at. We don't want to pay any more money than we have to, sir. There is no question about that.

In this particular case, as long [deleted] the precedents are pretty clear. It clearly does not fit any of the NATO funding categories.

Senator **Hart**. In other words, it is not a [deleted].

General **Crist**. It is not.

Mr. **Morgenstern**. What we are doing is sharing, trying to reduce our costs by [deleted].

Mr. **Fliakas**. We are taking advantage of the [deleted]. We feel that this really is the last year that we can take advantage [deleted].

General **Crist**. The cost is about $80 million to $100 million, Senator, [deleted].

Senator **Hart**. I want to thank you all for being here today. We have some additional questions for you which we hope you will answer for the record.

General, did you have something else to add?

General **Read**. Sir, may I mention just one thing [deleted].

Senator **Hart**. I think Mr. Fliakas was saying that in somewhat more subtle terms.

Mr. **Fliakas**. Yes.

Senator **Hart**. We will honor that request.

Thank you all very much.

We have a statement from Mr. T. J. Loveland, Director, Infrastructure and Logistics Division, U.S. Mission NATO. We also have statements by the Honorable Pete Wilson, mayor of the city of San Diego and Maj. Gen. Francis S. Greenlief, retired, Executive Vice President, National Guard Association of the United States, which will be placed in the record at this point.

In addition, we have questions from Senators Huddleston, Thurmond and myself to be answered for the record.

[The prepared statement of Mr. T. J. Loveland follows:]

PREPARED STATEMENT OF T. J. LOVELAND, DIRECTOR, INFRASTRUCTURE AND LOGISTICS DIVISION, U.S. MISSION NATO

FISCAL YEAR 1981 INFRASTRUCTURE HEARINGS

Mr. Chairmen and Members of the subcommittees. I am pleased to have the opportunity to appear before your Committees to support the proposals of the Department of Defense for an authorization of $300 million, a TOA of $300 million and an appropriation of $300 million for Fiscal Year 1981 as the US share of the common funded NATO Infrastructure program. From FY 1968 to FY 1978 the US contribution to the NATO Infrastructure program was funded under Authorizations and Appropriations for Military Construction Army. Starting in FY 1979 Congress decided to include it in Military Construction—Defense Agencies since the line item was in support of all three Services. That transfer has caused us considerable difficulty in establishing two separate funding sources for an essentially single program and, hence, a distinction without a difference. We are asking for legislation in FY 1981 to resolve the problem.

The Infrastructure program provides the facilities that are necessary to support NATO military forces and which are intended for common use or have a high degree of common interest. The term covers such varied items as airfields, air defense facilities, communications, missile sites, war headquarters, nuclear storage sites, pipelines, and POL depots. It does not normally cover general purpose depots, troop billets, nor has it covered in the past other logistics support facilities closely related to national standards and practices, although a one-time exception was made to fund such facilities from this program as reimbursement for certain of the US costs for relocation from France. Another such exception is currently in effect for the US Special Program (USSP) (1975–1979) which is a device by which the US cost share was reduced.

The NATO commonly funded Infrastructure program was inaugurated by the North Atlantic Council in 1951 as a follow-on to a similar program begun in 1950 by the Western European Union countries. The NATO Infrastructure program has been a most successful common endeavor, and has been credited with fostering a large part of the cohesion among the Allies. Essential military facilities costing about $7.0 billion are under construction or completed, and facilities worth another $2.3 billion are programmed. The program has given NATO a network of modern airfields, an efficient system of POL distribution and storage, common communications without which the NATO command structure could not function, essential air defense warning installations, and air and naval navigational aids. By jointly financing these and other types of facilities designed to enhance the effectiveness of NATO forces, NATO nations have demonstrated in a most realistic way their determination to provide for the common defense.

Once the program had provided most of the basic facilities required in the common defense, its character has gradually changed. The requirement for major air and naval installations gave way to the new requirements for modernization and expansion of existing basic facilities. Airfields must be improved so that they can support today's more complex aircraft. The POL system should be modified to ensure its ability to function in an emergency independently of that part of the system located in France. Progress in communications technology has resulted in dramatic changes. The NATO Satellite Communications System (SATCOM) is based on the US interim defense communication satellite system.

Replacement satellites (SATCOM Phase III) were launched, the third and final one in 1978. Another example is the semi-automation and integration of NATO's early warning system to provide a control and reporting system for the air defense of Allied Command Europe. Finally, in order to make the program fully responsive to the needs of the NATO "flexible response" strategy and associated force planning, we have been providing facilities to support reinforcement on the flanks, improved air defense, weapons storage security improvement, reinforcement support facilities, and conventional capabilities for NATO air forces.

The new orientation of the program is providing a large proportion of the facilities needed by US forces. In particular, it supports controlled humidity storage which maintains in good condition equipment of our dual-based forces and facilities for storage of war reserve material. The program also includes aircraft survival measures, some of which were implemented by the US Air Force, with the approval of Congress, on a "prefinanced" basis in order to ensure early construction. Current emphasis is on such items as command and control facilities, forward storage, security improvements, and, most particularly, on facilities in support of external reinforcements. The previously ineligible category of logistics facilities is receiving more attention in the framework of NATO's new emphasis on cooperative logistics efforts under the Long-Term Defense Program approved at the Washington Summit in May 1978.

We have previously announced that we had made great strides in maximizing US benefits from the program. Although our GNP represents about half of the NATO total, our official cost share of the program now stands at 27.42 percent (down from over 43 percent in the early years). This relatively smaller share has been agreed by the Allies as a burden sharing factor in view of our relatively large costs in other aspects of Alliance defense. The effective US share of the costs has been further reduced by the following factors:

(1) Host nations supply land, access roads, and local utilities for NATO projects at no cost to NATO. The costs of these national contributions is estimated at some 15 percent of the total cost for a large new facility. Since the US acts as host country for a relatively few NATO projects in CONUS, Bermuda, and in Iceland, almost all of which are on existing US military installations, we bear very little of this burden. The costs of those US contributions are contained in this appropriation.

(2) NATO agreed to pay some $100 million of the US costs of relocating from France in 1967, thus, in effect, buying a portion of our claim against France for loss of use of US-owned facilities. In 1975 France agreed to settle the claim for $100 million dollars paid during the period 1975–79. The payments have been completed and the NATO 36 percent share has been reimbursed to NATO and used to augment the scarce Infrastructure funds.

(3) In 1970, a group of our Allies augmented the Infrastructure program by 50 percent (some $500 million) without US contribution in order to expedite construction of aircraft shelters and communications projects.

(4) In 1975 our Allies agreed to include a US Special Program (USSP) ($140 million) in the 1975–79 Infrastructure program. This provided US troops with facilities which would not otherwise have been eligible for common funding.

(5) In 1979 our Allies agreed to institute a Reinforcement Support Category (RSC) in the Infrastructure program principally for the provision of previously ineligible facilities for storage of US POMCUS, ammunition, and war reserve materiel. While there is no specific amount of money tied to the category, we expect it to provide some $1.2 billion for such facilities in the period 1980–84. Indeed, our FY80 appropriation and our FY81 request contain significant amounts for the US share of RSC projects.

We have also had reasonable success in maximizing US industrial participation in the program. While there is little or no industrial interest in the 65% of the program devoted to civil works, US firms continue to capture some 50% of the remaining 35% devoted to sophisticated electronics projects. We are very sensitive to the requirement to support US industrial interests.

We continue to enjoy a greater benefit from this NATO program than could be expected from the size of our contribution. If we exclude facilities which are used in common by all nations—facilities which would in any case have required common funding—we have had significant success in convincing NATO that US projects are worthwhile. We recently made a study for the House Appropriations Committee which concludtd that for Slices XXIII–XXIX (1972–1978) US projects amounted to 41.36% of all projects programmed for use by national forces, but our formal contribution remained at 27.3% of the entire program.

With the new RSC providing for additional US requirements, it would appear that projects for US use would increase to about 50% of the total in 1980–84. It is apparent, therefore, that we have a distinct financial interest in the continuing success of the NATO Infrastructure program. As long as we can fit our national programs into the available common funds, the US will benefit directly from this NATO effort.

Negotiations between the nations for a new cost ceiling and cost sharing agreement for Slices XXXI–XXXV (1980–1984) were conducted against the total stated requirement by NATO Military Authorities (NMAs).

In effect, at the Washington Summit in May 1978, Heads of Government agreed to programmatic movements in ten critical defense areas, many of which required application of Infrastructure funds. Thus in October 1978, the NMAs estimated the requirement at $6.65 billion for continuing programs and some $1.8 billion for the new programs which, with inflation and contingencies, amounted to some $8.5 billion. The NMAs stated that this was a "real" requirement which should be implemented in 1980–1984, but they recognized that practicality might limit the available funds to about $6.65 billion, a figure they regarded as the barely acceptable minimum. The US and several Allies supported the $6.65 billion requirement but acceded to the fear of some other nations that projects might not be capable of implementation at that rate. Thus, NATO Defense Ministers agreed in May 1979 to a fund ceiling (1980–84) of $4.6 billion on the express conditions by SecDef that:

(1) NATO military commanders would be allowed to front-load the annual programs (the 1980 program is approved at $1.38 billion).

(2) Nations will reevaluate the need for a higher ceiling at mid-program.

(3) Ministers of Defense would examine their implementation procedures with a view toward speeding them up.

We expect, therefore that the final agreement on the 1980–84 ceiling will approximate the level which we support.

The US Mission to NATO, in its constant effort to improve the management of the NATO program, will participate actively in identifying and eliminating the factors contributing to the slow rate of implementation. Already we are seeing the results in the growing size of the US appropriation to this program which provides such a high proportion of US requirements in Europe.

I should like now to describe briefly, first, NATO's procedure for taking financial commitments; second, the NATO system for processing Infrastructure projects; and finally, how we arrived at our estimate for US obligations for Infrastructure in FY 1981.

In order to provide military authorities with viable program planning goals the NATO nations agree on periodic (five years) fund ceilings. In the last two periods (1970–74 and 1975–79), these ceilings have proved to be too low and were later adjusted upwards but, failing unanimous agreement on such an augmentation, the program is limited to the agreed ceiling. The total US share of such agreements is about $3.835 billion, of which some $3.27 billion has been included in annual NATO slice programs, and $2.3 billion will have been obligated by the end of FY 1980 (the approximation is necessary because of uncertainties as to the exchange rate of the dollar). We will, therefore, enter FY 1981 with a net commitment of some $1.5 billion of which $1.0 billion concerns projects already included in approved NATO programs through Slice XXXII (covering CY 1981). These are the commitments for which we will be seeking appropriations over the next few years.

Each year the Major NATO Commanders draw up a list of construction or modernization projects which they consdier essential for the support of their forces. These projects are reviewed by all participating nations within the NATO Military Committee, the NATO Infrastructure Committee, and finally within the Defense Planning Committee (which is the North Atlantic Council without France). The projects finally selected make up the yearly Infrastructure program or Slice. In the US, each proposed annual slice is reviewed thoroughly within the Executive Branch, starting with the interested US subordinate military commands and continuing through the US Commander-in-Chief, Europe, and the Commander-in-Chief, Atlantic, to the Joint Chiefs of Staff and the Military Departments, the Department of State, and all interested offices within the Office of the Secretary of Defense.

The final NATO slice is really a second level of national commitment (after five-year ceiling approval) and constitutes an approved list of specific military construction requirements. After slice approval, the host country in which a project is to be built takes full responsibility for the work. It must obtain the necessary land (at its own expense), plan utilities connections and access roads (which it later builds at its own expense), prepare engineering plans and specifications, and develop cost estimates. When all is ready, the host country submits, the project with all supporting data to the NATO Payments and Progress Committee for construction authorization and fund commitment. Before agreeing, the Payments and Progress (P&P) Committee satisfies itself that the project still represents a valid military requirement, conforms to NATO criteria, is reasonable in cost, and is in other respects eligible under NATO Infrastructure rules.

When the P&P Committee authorizes construction of an Infrastructure project, the US obligates funds from its annual appropriation for its share of that project. Let me explain briefly how we estimate our costs for FY 1981. The estimate is developed largely by the USNATO staff in Brussels because it has daily contact with our Allies on Infrastructure matters. This staff is the US agency closest to the plans and progress of the various "host" countries.

Last September, USNATO made a careful review of the NATO Infrastructure project backlog—that is, of all projects included in previously approved annual slices which had not yet been authorized by the P&P Committee for actual construction. The basic records—that is, the host country semi-annual reports—were checked. Information was collated for all locations by project category and by cost sharing agreement, on the amount of money already authorized by the P&P Committee and on the amount of money remaining to be authorized. This initial step thus provided a firm base from which to start. To this project backlog USNATO then added its estimate of the contents of the subsequent slices which would require funding during FY 1981. For example, Slice XXXI was to be approved in December 1979 and Slice XXXII is scheduled for approval by December 1980. From this total of project backlog and planned programs for FY 1981, USNATO then subtracted the amount of those projects which it estimated would be given funding authorization by the P&P Committee before the beginning of FY 1981, that is, before 1 October 1980. This may be shown in tabular form as follows:

	Millions
(1) As of 30 Sept. 1979, value of projects in Slices II through XXX, yet to be authorized by the NATO P. & P. Committee totaled	$1,270
(2) Deduct estimated P. & P. Committee authorizations during fiscal year 1980	700
(3) Total value of work to be funded as of 1 Oct. 1980	570
(4) To this, we must add slice XXXI (estimated), scheduled for approval by the end of 1979	1,390
(5) And slice XXXII, estimated approved Dec. 1980	1,650
Total, Items (3), (4) and (5) above	3,610

USNATO then applied country planning factors such as economic conditions, availability of contractor effort and pace at which Ministry of Defense construction personnel are expected to process fund requests. From this calculus, we estimate the fund requests to be approved within NATO in FY 81 of $ 1,094.0 million.

In defense of our FY 1981 request, I should like to state that the growth from previous annual levels is largely due to compliance with Congressional guidance to expand the scope of the program to cover more of the requirements for US forces in Europe. Our success in those efforts, as well as those to increase the rate of implementation, has come with astonishing speed. In addition, we have had to contend with the increasing inflation, with which everyone has been afflicted, as well as the falling rate of the dollar. As you know, a combination of those factors led to a large shortfall in funding of the FY79 program which was partially offset by both reprogramming and by increased recoupment for prefinanced projects. Nevertheless we carried a deficit forward into FY 1980 which we believe we will be able to handle only because of the relief provided by the Foreign Currency Fluctuation provision included in the FY80 appropriation, for which our thanks to Congress. With the fluctuation provision, we believe that our FY81 request will allow US participation in this important NATO cooperative program without further interruption.

PREPARED STATEMENT BY MAYOR PETE WILSON, THE CITY OF SAN DIEGO

Mr. Chairman and Members: I thank the Committee for extending me the opportunity to place before it, as a representative of the people of San Diego, a statement on a matter of utmost concern.

In hope of bringing some simplicity and clarity to the matter, I respectfully submit that there is but a single issue requiring your resolution, and standing in the way of construction of a critically needed new Naval Regional Medical Facility in San Diego.

First, there is no question as to the need for construction of a new facility in San Diego. The present Naval Hospital in Balboa Park does not meet current safety standards and is in danger of losing its accreditation.

Second, there is no question as to the support for construction of a new Naval Hospital to serve not only the shore and shipboard Naval establishment in San Diego, but also a number of military dependents and retirees. Let us simply stipulate that an adequate Naval Hospital is essential both to the Navy and to the city.

Third, although you may hear from others who emphatically disagree with locating the new hospital in Balboa Park, a 61 percent majority of the city's voters at the last municipal election voted their approval of locating the hospital within the Park at the Florida Canyon site sought by the Navy, provided that the terms of Proposition D govern acquisition of the site by the Navy. The sole point in dispute between San Diego, a city which has long conducted a love affair with the Navy, and the Navy which we have heretofore regarded as a model corporate citizen, arises from the Navy's condemnation of a fee rather than a leasehold interest in Florida Canyon, in flagrant disregard of the expressed will of San Diego voters and of the Navy's own conduct implying support for Proposition D.

A vote for Proposition D was a vote for the terms of the memorandum of understanding which was originated and offered b ythe Navy to the city. Both the memorandum of understanding and the express ballot language called for a leasehold interest to be acquired b ythe Navy in Florida Canyon.

The reason for the insistence of the people of San Diego on a leasehold rather than fee holding by the Navy is very simply that Balboa Park is a treasure, a unique and limited precious resource which is central both geographically and spiritually to the life of the city. It is arguably the most important recreational resource of the city. The vote for Proposition D indicates the great value which the people of San Diego place upon the Navy and specifically upon a new Naval Hospital. Their willingness to site the medical facility within this sensitive, highly desirable Park setting is in fact a high tribute to the present Hospital and its personnel.

Nonetheless, even according the full measure of deserved respect and gratitude to the existing facility and its highly competent staff, we would love it just as much were it located outside the Park. San Diegans hold a special love for Balboa Park and use and enjoy every inch of it. That is why there was such jubilation in 1976 when the Navy announced its plans to relocated the Hospital outside the Park in the Murphy Canyon area several miles to the north. The announcement proudly stated the Navy's pleasure in being able to return to park use the site of the present hospital at Inspiration Point. That is why such resistance was occasioned by the Navy's subsequent announcement of a change in plans and a desire to security Florida Canyon.

And it is why the City Charter of the City of San Diego in Section 55 requires a ⅔ vote of the people to authorize any change by the City Council in the use of dedicated Park land.

Proposition D expressed the willingness of the people of San Diego to relinquish for a time—and a generous period of time at that—the use of some 75 acres of Balboa Park needed for the purposes of recreation and refreshment to which it was dedicated. But Proposition D, in its insistence upon a leasehold by the Navy, very clearly meant that the people of San Diego want their park land back.

Yet now—after the 61 percent vote for Proposition D—that is exactly what the Navy is proposing not to do—in violation of the expressed terms of Proposition D and in flat contradiction of the Navy's clearly implied support for the terms (and not just some, but all of the terms) of the ballot measure. An example of the Navy's support is a photograph of Rear Admiral Justin E. Langille, Commandant of the 11th Naval District and myself hodling a bumper strip saying "Yes"—Prop "D", each of us giving the approving thumbs-up sign. This photograph which reach thousands of San Diego readers and voters on the front page of the Navy Dispatch can, I think, fairly be interpreted as a sign of official Navy support for Proposition D. It goes beyond tacit acceptance. In no way can it be construed as opposition.

The condemnation of a fee interest rather than the previously authorized exchange of the Navy's ownership of Inspiration Point for a leasehold in Florida Canyon amounts to nothing less than a breach of faith of the people of San Diego.

I respectfully urge the Committee to keep faith and to honor the obligation that has been created. I urge you to vote for an amendment which will implement the condemnation of a leasehold interest.

Prepared Statement by Maj. Gen. Francis S. Greenlief (Retired), Executive Vice President, National Guard Association of the United States

Mr. Chairman, and members, I am Maj. Gen. (retired) Francis S. Greenlief, executive vice president of the National Guard Association of the United States. I appreciate the opportunity to present the views of our membership on military construction for the National Guard.

GENERAL

The SALT II debate, the Iranian crisis, and the Russian invasion of Afghanistan have served to emphasize the importance of, and the weaknesses of, United States capability to wage conventional warfare. Unless the Guard and Reserves are ready, willing and able to perform as planned, the United States cannot reasonably expect to win a conventional war of anything greater than brush fire proportion.

The Army National Guard (ARNG) force comprises 27 percent of the personnel strength of the total Army unit structure. More significant than mere numbers, however, is the heavy predominance of combat units in the Army Guard, giving it a very large share of the Army's war-fighting capability. For example, the ARNG provides the following percentages of the total Army's combat capability:

32 percent of the combat divisions.
72 percent of the separate brigades.
57 percent of the armored cavalry regiments.
63 percent of the infantry battalions.
41 percent of the mechanized infantry battalions.
42 percent of the tank battalions.
48 percent of the field artillery battalions.

The Air National Guard (ANG) force comprises 13.4 percent of the personnel strength of the total Air Force. For the Air Guard, as for the Army Guard, a very large share of the force is in combat elements that give it much greater significance than mere size. The ANG provides the following percentages of the total Air Force's combat capability (expressed as percentages of total aircraft):

60 percent of air defense interceptors.
57 percent of tactical reconnaissance aircraft.
30 percent of tactical airlift aircraft.
25 percent of tactical fighter aircraft.
17 percentof strategic tanker aircraft.

The National Guard is expected to provide such a large part of U.S. conventional war capability that significant improvement in National Guard readiness must be achieved if truly meaningful improvement of U.S. conventional war fighting capability is to be attained. In our view, significant improvement in Guard readiness requires that real improvement be made in:

Levels of trained manpower.
Quantity and quality of equipment.
Training and maintenance facilities.

Section 2233, title 10, U.S.C., authorizes the Secretary of Defense to contribute funds for the construction of National Guard facilities, and the program has always been seen as a Federal contribution to State construction programs. Since the enactment of that legislation, national defense has relied increasingly on the National Guard. Federal control over the training activities of the National Guard has increased apace with increased Federal reliance on the National Guard. In our view, the States are contributing to a national defense construction program.

Because the States contribute more than 50 percent of the life cycle costs of ARNG facilities, the States should have at least an equal share in programming and planning decisions.

PROGRAM EXECUTION

Total funds available for Military Construction Army National Guard for fiscal year 1979 were $56.4 million. Of that amount, 98 percent, or $55.3 million was obligated. That performance is the result of outstanding management by the National Guard Bureau and the several States, and demonstrates the urgency of the facilities requirements for the ARNG. Considering the many impediments to program management that exist, the performance is fantastic.

Total funds available for Military Construction Air National Guard for Fiscal Year 1979 were $61.7 million. Of that amount, $47.5, or 77 percent, was obligated by end fiscal year 1979. Of the fiscal year 1979 authorization for major construction of $39.3 million, $33.4 million, or 85 percent, had been obligated by 31 December 1979. Because of the emphasis placed by Congress on early design, improved obligation rates are expected.

PLANNING AND PROGRAMMING

At Tab A is a chart that displays the three-year review cycle through which MCARNG projects must pass before construction can begin. In 19 States, the budget period is two years. In those States, the entire process takes five years. The three-year Federal review process includes 12 different reviews. Failure to meet Department of Defense criteria at any one of those reviews causes the project to be delayed or eliminated. Seven factors listed below inhibit management of the MCARNG program. Each of these factors is addressed in detail at lettered Tabs attached to this statement:

Erratic funding levels—Tab B.
Lack of a uniform strength threshold—Tab C.
Force Packaging Methodology—Tab D.
New Reprogramming Requirements—Tab E.
Joint Construction Policy—Tab F.
Contracting and Supervision—Tab G.
Changing Security Criteria—Tab H.

I am aware of the time constraints on this committee, and know that you cannot now address each of these factors. I urge, however, that you consider, at a later date, the actions we recommend.

Historically, budget submissions to the Congress have underestimated the rates of inflation that occur. For example, the fiscal year 1981 MCARNG and MCANG budget submissions contemplate an inflation rate of eight percent.

A rate of 12 to 13 percent seems more realistic. The combination of inflation, new requirements generated by mission changes, reorganizations and conversions, and underfunded programs cause the backlog of unfunded construction to continue to grow. The following table reflects the backlog at end fiscal year 1979, and estimated at end fiscal year 1980 and fiscal year 1981:

[By fiscal years, dollar amounts in millions]

	End 1979	End 1980	End 1981
MCARNG	$736	$766	$827
MCANG	330	378	481

Our estimates indicate that annual programs of $70 million per year, plus inflation, for MCARNG, and $90 million per year, plus inflation, for MCANG are required.

FISCAL YEAR 1981 APPROPRIATION REQUESTS

The fiscal year 1981 MCARNG Appropriation Request of $35 million is intended to support 19 armory projects at $12.438 million, and 16 non-armory projects at $14.703 million. The following charts demonstrate compliance with criteria on personnel strength, design completion and deployment schedule:

	Millions	Projects	Percent of program
Personnel strength:			
100 percent authorized strength	$7.3	8	27
85 to 99 percent authorized strength	13.9	17	51
75 to 84 percent authorized strength	4.7	8	18
Under 75 percent authorized stength	1.2	1	4
Total	27.1	34	100
Design completion:			
100 percent designed	17.1	23	63
75 to 99 percent designed	4.1	5	15
35 to 74 percent designed	5.9	6	22
Total	27.1	34	100
Deployment schedule:			
M+30 days	16.5	16	61
M+60 days	5.0	9	18
M+90 and later	5.6	9	21
Total	27.1	34	100

The requested appropriation total of $35 million includes $27.1 million for major construction, $5.9 million for minor construction, and $2.0 million for planning.

The fiscal year 1981 MCANG Authorization Request of $80.5 million is intended to support 69 projects for function as shown in the following chart:

	Millions	Percent of program
Operational	$12.75	15.8
Maintenance	38.3	47.6
Training	13.69	17.0
General support	13.3	16.5
Energy conservation	2.5	3.1
Total	80.5	100.0

All projects meet requirements of personnel strength and requirements of partial design completion.

The requested appropriation total of $90.2 million includes $80.5 million for major construction, $5.0 million for planning, and $4.7 million for minor construction.

ADDITIONAL MCARNG REQUIREMENTS

Attached as Tab I is a list of 56 projects which are urgently needed in 25 States. The estimated Federal cost of these projects is $38.4 million. The States in which these projects would be built have the necessary State funds and the required real estate. Design has been completed on 11 of these projects. With the exception of one project, design work is at least 35 percent complete on the remaining projects. All projects meet strength requirements. The following chart relates deployment schedules to these projects.

	Millions	Projects	Percent of additional projects
M+30 days	$18.3	23	54
M+60 days	11.8	22	34
Later than M+60	3.9	11	12
Total	34.0	56	100

An additional $4 million would be required for planning and minor construction to support the major construction projects.

Subsequent to my testimony before the Military Construction Subcommittee of the House of Representatives, I was advised by Mississippi National Guard authorities of the urgent need for construction of Phase 19 at Camp Shelby, Mississippi, at an estimated cost of $550,000. The priority of this project equals the priorities of the projects on the attached requirements list.

We urge your committee to recommend authorization of $61 million for major construction for the MCARNG program.

ADDITIONAL MCANG REQUIREMENTS

During the hearings by the Military Construction Subcommittee of the Senate Committee on Appropriations, the chairman asked for a list of urgently needed additional Military Construction Air National Guard projects. That list, totalling $12.805 million is at Tab J.

We urge that your committee recommend authorization of $93.305 million for the MCANG program.

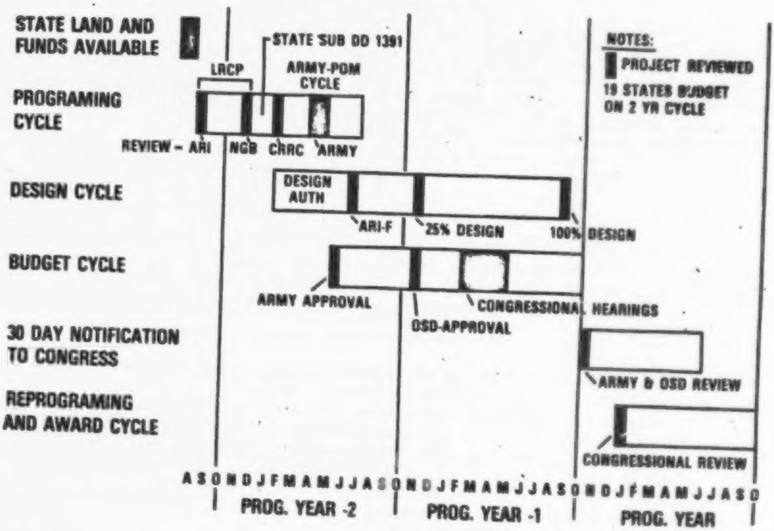
Mr. Chairman, we are appreciative of the support your committee has provided for the National Guard Military Construction Program in past years.

We specifically thank you for the add-on of $3.75 million for MCARNG and $6 million for MCANG for fiscal year 1980, and for your revision of 10 U.S.C. 2233 that provided greater flexibility in programming the construction of armories.

I will be pleased to attempt to answer your questions.

TAB A

MCARNG PROGRAM SCHEDULE



MCARNG FUNDING

Background

a. In 1970, OSD established a goal to provide sufficient funds to eliminate the construction backlog of each of the Reserve Components within a 10-year period. At that time, the ARNG construction backlog was $300. Due to new requirements developed as a result of more dependence on the ARNG for the defense of our country and cost escalation, the ARNG backlog has increased to $736 million. Inclosures 1 and 2 show how the backlog has grown. Inclosure 3 depicts the MCARNG appropriations during the last 13 years. In practically, every year the appropriation was not sufficient to offset the cost escalation of the backlog.

b. Inclosure 4 shows the obligation performance of this program over the past 14 years. In recent years, the ARNG has had the best MILCON obligation rate in the Army, and in most cases, the other components. Therefore, NGB has demonstrated that it can efficiently manage its funds.

c. The $70 million level requested would be just sufficient to offset the cost escalation of the backlog (i.e., 9.5 percent of $736 million is $70 million).

Status

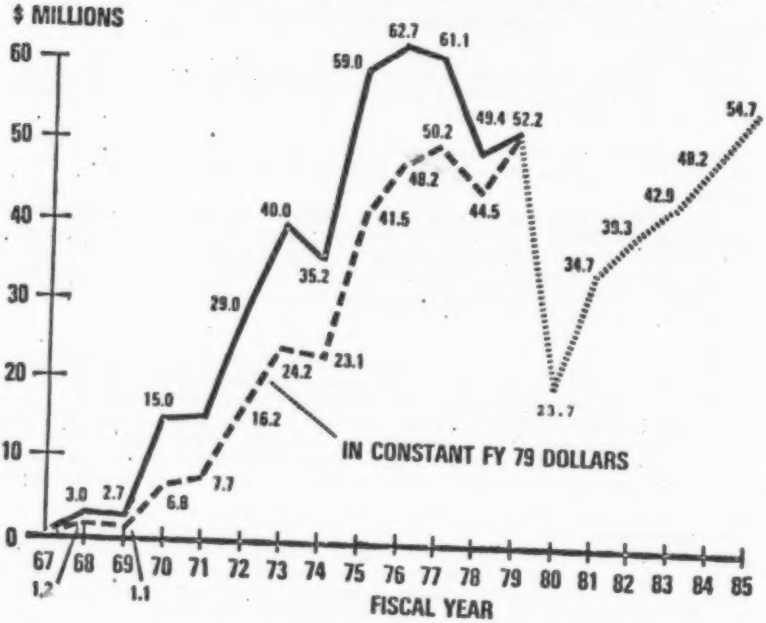
It appears that the appropriation for fiscal year 1980 will be $23.7 million which is only 45 percent of the fiscal year 1979 appropriation and 38 percent of the fiscal year 1976 appropriation. Due to the limited funding in fiscal year 1980 and 1981 compared to what was originally planned, there are many projects under design that will not be funded for many years. For example, there were $115 million of approved projects competing for the $27 million of major construction funds available in fiscal year 1981. Therefore, there are sufficient projects now approved and design authorized to make up the fiscal years 1981, 1982, 1983, and 1984 programs. Delaying projects that are designed or under design has adverse affects on the States. States obtained matching funds and real estate to State legislatures will withdraw the funds which will make it very difficult to obtain them in a subsequent year. It will also make it harder to obtain funds for future projects.

Recommendation

Provide the MCARNG program $70 million plus cost escalation each year starting in fiscal year 1981.

TAB B

MCARNG FUNDING LEVEL



UNIFORM STRENGTH THRESHOLD FOR PROGRAMING AND CONSTRUCTION OF GUARD AND RESERVE FACILITIES

Background

Existing DOD directive and Department of the Army Regulations permit programing and design of Army National Guard and Army Reserve facilities when assigned strength is 50 percent of authorized strength but does not allow construction authorization until assigned strength levels reach 75 percent of that strength authorized, or a compelling reason is presented to proceed regardless of the strength.

Status

Criteria for programing and design authorization during the Selective Service period were developed primarily to support newly formed units so that when respectable strengths were obtained, design would be ready for construction and facilities available for occupancy by the time units were filled. Under the current "all volunteer" system, the growth rate is basically unchanged. Therefore, design is completed before attaining strength levels sufficient to support construction. New restrictions on programing initiated by Congress in fiscal year 1979 tend to support a single criteria for both programing and construction.

Existing facilities must be upgraded to meet current requirements and missions. Indications are that the retention rate increases with the announcement of new construction. Recruiting personnel indicate new/upgraded facilities tend to improve recruiting. Thus, in many areas, construction requirements exist and potentials for adequate strength exist, but assigned strength levels are insufficient to justify construction under current strength.

Recommendation

That a single new programing, design, and construction authorization threshold be established at 60 percent of authorized strength. There is no additional cost as a result of this proposal.

Impact on readiness

This change in programing threshold prompts individual Army National Guard units to reach higher strength levels earlier in the programing cycle and will increase the overall readiness of the Army National Guard.

Action required

Change Chapter 133, Title 10, U.S. Codes by adding 2234(3): "The unit(s) for which the facility is to be provided has obtained an assigned strength level of 60 percent of that strength authorized."

MAKE FORCE PACKAGING METHODOLOGY MORE ADAPTABLE TO THE MILITARY CONSTRUCTION ARMY NATIONAL GUARD PROGRAM

Background

The military construction program is developed by identifying the specific missions of our armed forces and then determining the facilities necessary to support those missions. Consequently, Congress intends to structure its hearings in the FY 1981 budget so that the correlation between individual project requests and military missions is more obvious and direct. The Army has interpreted this to mean support only for early deploying units.

Status

This approach has created a serious funding imbalance resulting in the support of only those Army National Guard projects which relate directly to early deployment units and virtually ignores critical projects needed to support the entire Army National Guard mission. Some States will never have any projects that will qualify because of the type of units assigned to the State. When this approach is coupled with reduced funding levels, it is evident that a degradation in the readiness and training of these units with a mission beyond D+60 is taking place.

Recommendation

Establish a yearly programing factor that at least 70 percent of the MCARNG will be closely aligned to early deployment priorities while the remaining 30 percent will be devoted to the support of the Total Army National Guard mission. No additional cost would be related to adopting this approach.

Impact on readiness

Significant impact since it relates directly to readiness.

Action required

Change Chapter 133, Title 10, U.S. Code by:

a. Adding 2233(h): "Not less than 30 percent of the major construction funds shall be made available without regard to the deployment status of the unit for which the facility is to be provided."

b. Adding to 2233(c): "Moreover, the Governor of the State concerned shall set priorities for expenditures of contributions received under Section 2233(a)(2), (3), (4), (5), and (6)."

MCARNG REPROGRAMING REQUIREMENTS VERSUS OBLIGATION PERFORMANCE

Background

Based on the fiscal year 79 House Appropriations Committee Report 95-1246 and the Senate Appropriations Committee Report 95-1019, new reprograming requirements have been instituted which require the filing of reprograming documents for any new or subsidized project, as well as any increase for which the current working estimate will exceed $400,000.

Status

The Army National Guard has maintained a high obligation rate for the MCARNG program over the years. However, the time required to execute new reprograming actions has caused significant relays in the execution of the FY 79 MCARNG program. The problems associated with obtaining land and matching State funds, maintaining the necessary troop strength and changes in deployment priority have significantly hampered the MCARNG program. The addition of new reprograming guidance places unjustifiable restraints in the MCARNG program and could hamper obligation performances.

Recommendation

Establish a 93 percent obligation target for fiscal year 1981 and try to modify or eliminate reprograming requirements for the ARNG, or at least raise the reprograming threshold from $400,000 to $1 million. The cost associated with this proposal relates only to cost escalation that would result because of a delay in the award of any projects that would have to be reprogramed.

Impact on readiness

Any action which delays the award and construction of projects needed to support mission requirements has an impact on readiness.

Action required

Change Chapter 133, Title 10, U.S. Code by adding 2233(g): "No filing of reprograming documents for any new or substituted project shall be required when such project meets the purposes of this Chapter."

As an alternate, the following words could be added to the above "and provided the current working estimate of the project does not exceed $1 million."

CONSTRUCTION OF JOINT FACILITIES

Background

Title 10, U.S. Code Section 2236(a) establishes that the State determines if it is practicable to make an existing Public Law 783 exclusively used armory into a joint facility. This, however, does not include determining joint construction of a new facility. Section 2231(2) and 2234(2) of Title 10, mentions practicality but does not state who determines it.

Status

States are being forced to construct jointly with another Reserve component even if the Governor does not believe it practical. In such cases, the State has to still contribute the real estate and its 25 percent of the cost of the construction.

Recommendation

States should have to only construct jointly and contribute the real estate and matching funds when the Governor of the State determines it is practical.

Impact on readiness

The forcing of a State to construct jointly has delayed projects which has had an effect on the readiness of the units involved.

Action required

Change Chapter 133, Title 10, U.S. Code by adding to 2231(2): "as determined by the Governor concerned for Army National Guard facilities." Add to 2236(a): "to the extent the Governor concerned considers practicable for Army National Guard facilities."

TAB G

CONSTRUCTION CONTRACTING AND SUPERVISION

Background

There is a continuing argument between the ARNG and ANG with OCE and OSD as to who should contract for projects on federally controlled land.

Status

OSD is staffing a directive that would require all services to receive OSD approval in all cases where the Corps of Engineers or Naval Facilities Engineering Command is not the construction agent on Federal land.

Recommendation

That NGB should determine the construction agent to insure that the construction is accomplished in the most economical manner.

Effect on readiness

Since projects will be assured to be accomplished in the most economical method by the above position, more funds can be made available for other projects that will enhance readiness.

Action required

Change Chapter 133, Title 10, U.S. Code to authorize the CNGB (USPFO) to do the contracting, or contract with the State (Federal-State Agreement) to do the construction.

The change is as follows: In section 2237(a) add to the first sentence and add a second sentence so that subsection (a) reads as follows:

(a) Any construction, expansion, rehabilitation, or conversion under any provision of this chapter except section 2233(a), (2), (3), (4), and (5) of this title may be performed under the supervision of the Chief of Engineers of the Army, the Chief of the National Guard Bureau, or the head of such office or agency in the Department of the Navy as the Secretary of the Navy may designate. A duly appointed contracting officer of the United States may contract as necessary to accomplish the objectives of this subsection (to include contracting with a State or Territory, Puerto Rico, or the District of Columbia).

TAB H

ONE HUNDRED PERCENT FINANCIAL SUPPORT FOR THE UPGRADE OF ARMS ROOMS

Background

There are many arms rooms that were constructed in armories in accordance with NGB, DA, and OSD criteria that are now not in compliance with the new DOD Security criteria. States contributed 25 percent of the initial cost of the construction of most of these arms rooms. To upgrade these arms rooms to comply with DOD criteria, the States would be required to contribute another 25 percent of the cost of this upgrading.

Status

Many arms rooms which were constructed or upgraded under Public Law 783 to NGB construction criteria are now not in compliance with security requirements. This is due to increased emphasis on physical security, which has resulted in DOD, Army, and NGB, increasing the criteria. It is not right to make the States pay 25 percent of the construction cost every time the Federal Government changes its criteria. Many States are therefore reluctant to upgrade existing arms rooms to meet the new criteria.

Recommendation

If a facility was constructed or upgraded under the purview of Public Law 783 and was done in accordance with all appropriate NGB, DA, OSD criteria, and subsequently the security features, have become inadequate due to the changes of Federal criteria, the Federal Government should fund 100 percent of the cost of any necessary modification to bring it in compliance with criteria. To accomplish this action, an additional paragraph would have to be added to Section 2233(a), Chapter 133, Title 10, U.S.C. The additional Federal cost incurred by this action would be $427,000 based on current criteria.

Impact on readiness

There would not be a direct impact on readiness, but the additional security afforded to items required to support early deploying units would be significant.

Action required

Change Chapter 133, Title 10, U.S. Code by adding 2233(a)(6): "contribute to any State or Territory, Puerto Rico, or the District of Columbia 100 percent Federal funding for the upgrading or replacing of armory arms rooms required by modified Federal standards."

TAB I

Subject: Supplemental MCARNG Funding Required. FEBRUARY 19, 1980.
Facts: *Prior Year w/Finals*

State: Location: Project	Design status	Troop strength (percent)	CWE
Alabama: Fort McClellan: Training facility, phase 1	F	90	2,354
Alabama: Ozark: OMS	F	92	166
Michigan: Saginaw: 150-person armory	F	73	643
Michigan: Saginaw: MVSB	F	73	11
New York: Fort Drum: Cantonment renovation	F	93	882
Tennessee: Catoosa: Range	F	93	546
Subtotal			4,602
Finals:			
Arkansas: Malvern: OMS	F	90	108
South Dakota: Rapid City: 60-person armory	F	75	292
Vermont: Camp Johnson: CSMS addition	F	95	362
California: Los Alamitos: OMS/AMSA	F	98	125
New York: Fort Drum: North Tank Rd, phase 2	F		364
Subtotal			1,251
Prior year with preliminaries:			
Georgia: Dobbins: AASF	P	88	3,123
New York: Fort Drum: Range construction phase 1	P	93	690
New York: Fort Drum: Range construction phase, 2	P	93	618
New York: Fort Drum: Ammo supply plant fence	P	93	507
New York: Fort Drum: Cantonment renovation	P	93	882
Oklahoma: Bartlesville: 100-person armory	P	75	482
Tennessee: Memphis: OMS	P	76	275
Tennessee: Newport: 150-person armory	P	85	688
Wyoming: Cheyenne: AASF rehabilitation	P	99	818
California: Sacramento: AASF addition	P	98	573
Kentucky: Bowling Green: Armory addition (AFRC)	P	93	336
New York: Ronkonkoma: 400-person armory	P	81	264
New York: Ronkonkoma: AASF	P	81	710
New York: Ronkonkoma: OMS	P	81	91
Tennessee: Knoxville: Range	P	75	370
Alaska: Kotzebue: AAFA	P	91	1,635
Utah: Camp Williams: Training facility barracks	P		718
Subtotal			12,780
Preliminaries:			
North Dakota: Devils Lake: 200-person armory	P	112	907
Alabama: Birmingham: OMS addition	P	79	234
Florida: Camp Blanding: 200-person armory	P	112	1,110
Iowa: Washington: 100-person armory	P	106	533
Louisiana: Baker: 100-person armory	P	88	567
Minnesota: Camp Ripley: CSMS alteration	P	87	521
Oregon: Ashland: 150-person armory	P	89	725
Pennsylvania: Fort Mifflin: 200-person armory addition	P	73	125
Pennsylvania: Fort Mifflin: Training facility addition	P	73	285
Tennessee: Ripley: 150-person armory	P	87	697
Vermont: Ethan Allen Range: Dispensary	P	98	146
Alabama: Fayette: 200-person armory	P	92	592
Alabama: Jackson: 100-person armory	P	121	364
Connecticut: Camp Hartell (Windsor Locks): OMS	P	87	295
Connecticut: Southington: OMS	P	90	309
Connecticut: Southington: Armory parking	P	90	28
Georgia: Dublin: OMS addition	P	90	175
Georgia: Springfield: 100-person armory addition	P	95	182
Illinois: Springfield: 600-person armory	P	80	2,111
Louisiana: Lake Charles: OMS	P	71	154
Massachusetts: Camp Edwards: Training facility, phase 1A	P	84	736
Michigan: Camp Grayling: Logistical facility	P	([1])	2,041
Oklahoma: Atoka: 150-person armory	P	91	481
Oklahoma: Stillwater: 150-person armory	P	107	685
Tennessee: Murfreesboro: 150-person armory	P	81	741
Vermont: Camp Johnson: USPFO addition, phase 2	P	93	160
Virginia: Staunton: OMS	P	77	184
Subtotal			15,088
Louisiana: Camp Beauregard (reason: added back by (SAC 80)): Barracks and maintenance shelter.	ARO for review.	79	570
Cumulative subtotal			34,291
Minor			2000
Planning and design			2,122
Grand total			38,413

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[1] All minor.

TAB J

Air National Guard military construction program, prioritized additional funding requirement

State/Base/Project	*Programed amount*
Various locations: Power check pads with suppressors	$2,400,000
District of Columbia: Andrews AFB, Weapons/Release system shop	790,000
Georgia: Savannah MAP, Aircraft engine I&R/Avionics Shop	1,600,000
Oregon: Portland IAP, composite squadron operations	1,560,000
Michigan: Selfridge ANGB, flight simulator	745,000
Mississippi: Key Field, Meridian, base supply warehouse	2,400,000
Hawaii: Kahului Airport, Maui:	
Comm-elec training facility	1,260,000
Auto maintenance/support equipment/mobility storage	1,300,000
Site prep/roads/parking/fence/utilities	750,000
Total	12,805,000

[The following questions are to be answered for the hearing record:]

QUESTIONS SUBMITTED BY SENATOR WALTER D. HUDDLESTON, ANSWERS SUPPLIED BY HON. ROBERT W. KOMER, UNDER SECRETARY OF DEFENSE FOR POLICY: AND MR. PERRY J. FLIAKAS, DEPUTY ASSISTANT SECRETARY OF DEFENSE FOR INSTALLATIONS AND HOUSING

Question. To what extent will the U.S. have to rely on NATO/European supply and communications facilities in order to support and when necessary utilize the proposed Persian Gulf and Indian Ocean facilities?

Answer. Current plans [deleted].

FUNDING REQUESTS

Question. The fiscal 1980 Infrastructure appropriation is $150 million. Has that entire amount actually been committed?

If not, what part remains?

If any remains, was that considered as a source of offsetting for the supplemental requested for the Persian Gulf and Indian Ocean?

Answer. As of May 14, 1980, $133 million of the $150 million will be obligated. On April 25, 1980, slice 31 was approved by NATO and the remaining $17 million will be necessary prior to the end of the third quarter this fiscal year for the U.S. share that will be required due to approval of the slice, and the continued requirement to eliminate the backlog. It will be necessary to utilize the full authorization of $185 million, funded by $35 million in recoupment of prefinanced projects, in order to remain viable for the last quarter of the fiscal year. Since all funds will be required in fiscal year 1980 to meet the U.S. commitment to the multi-nation funded NATO Infrastructure program, no consideration was given to use these funds to offset requirements in the Persian Gulf and Indian Ocean.

Question. The fiscal 1981 request is double the fiscal 1980 appropriation, yet when the March budget revisions were sent up, the reductions were all made in unilaterally financed projects. Why couldn't some of the reduction have been taken in the Infrastructure account since the additions were to finance another overseas area—the Persian Gulf and Indian Ocean?

Answer. The increase in the NATO Infrastructure request is based upon the planned requirement for U.S. funds in fiscal year 1981. The anticipated backlog for which these funds are being requested is $3.6 billion, versus the $2.3 billion anticipated (with approval of slice 31) upon which the fiscal year 1980 request was based. Since the entire amount authorized for fiscal year 1980, i.e. $185 million, will be necessary to satisfy the 1980 requirement, it is believed that the entire $300 million will be necessary to meet fiscal year 1981 commitments. Within the NATO Infrastructure committee improved procedures have been developed and approved for accelerating project implementation rates and thus providing needed facilities to the major NATO Commanders in a timely fashion. This committee has been very successful the past year and it is expected that it will continue to improve the implementation rate in the future. Combining the very large backlog with improved implementation procedures, it was believed that the entire fiscal year 1981 request was absolutely essential for the U.S. share of the infrastructure program and no portion of the request is available to finance other overseas areas.

Question. What would be the effect of a $50 million reduction in the fiscal year 1981 Infrastructure request—where would reductions be made? Of a $100 million reduction?

Answer. As mentioned previously, based upon U.S. Mission to NATO projections for fund requirements in fiscal year 1981, it is essential that the entire $300 million be available to meet U.S. commitments to the Infrastructure program. U.S. mission estimates in the past have been very accurate, and sometimes (as in fiscal year 1979) not optimistic enough. When the United States, as one of the NATO allies, agreed in May 1979 to a slice group 31–35 total of $4.72 billion, it, in effect, agreed to provide the necessary funding to meet its share of the program. If one country does not have the necessary funds to meet its agreed share, the entire NATO Infrastructure program comes to a halt. Only the United States has caused this to occur in the past, and this was of a temporary nature. However, if the programs were to be reduced by $50 million or $100 million, the effect would be catastrophic from a military and political standpoint, since projects of all NATO countries could not be processed. The United States is currently seeking a large mid-term increase in the slice group in order to meet known critical requirements of the NATO Commanders and it would be contradictory to this effort, if funds were not available to meet even our current commitments.

Question. How much of the currency revaluation fund created by last year's Military Construction Appropriations bill was allocated to the NATO Infrastructure program?

Answer. A total of $39,900,000.

Question. What criteria was used to determine this allocation—was it on a project by project basis or according to a formula? Please reply in some detail.

Answer. The amount was determined on a formula basis, in which we computed foreign currency fluctuation impact based on the change in the value of the dollar relative to the Infrastructure Accounting Unit (IAU). This was determined to be the most feasible approach since our budget estimates are computed, and obligations recorded and adjusted, based on the dollar value of our share of the number of IAU's comprising the program. By way of example, the fiscal year 1980 budget plan was computed on the basis of 35.6 million IAU's at a Fall 1978 IAU dollar-to-IAU rate of $4.208. This was the basis for the fiscal year 1980 budget request of $150.0 million (35.6 million IAU's × $4.208=$150.0 million). In January 1980, the value of national currencies in the IAU was officially adjusted based on recent performances of currencies. This resulted in a U.S. dollar to IAU rate of $4.721, or a loss of 12.2 percent in the purchasing power of the dollar relative to other currencies since the fiscal year 1980 budget plan was formulated. Applying the 12.2 percent to the $150.0 million budget plan indicated a foreign currency revaluation impact of $18.3 million on the fiscal year 1980 program.

The formula was applied to measure the foreign currency loss on all unexpended balances, including those outstanding against prior year programs. In total, it indicated we were in a $48.0 million shortfall position. Since the amount cover requirements for all programs, we arbitrarily adjusted the amount for Infrastructure downward to $39.9 million to permit diversion of the difference to other construction appropriations where it was equally badly needed.

The $39.9 million was specifically allocated as follows: fiscal year 1980 program (Military Construction, Defense Agencies)—$17.4 million; fiscal year 1979 (Military Construction, Defense Agencies)—$8.1 million; fiscal year 1978 and prior year program (Military Construction, Army)—$14.4 million. In computing the shortfall, we took fully into account the relief provided in the NATO Infrastructure reprograming action approved by the Committee on April 30, 1979.

CURRENCY REVALUATION FUND

Question. What types of projects in the Infrastructure Program have been most affected by currency revaluations?

Answer. The entire amount of the program is affected by dollar fluctuations because U.S. commitments and obligations are taken in the IAU or Infra-